◆ Ken Auletta on why Dennis Levine did it
◆ How the Third World spent its loan money
◆ Book reviews by Lloyd Cutler and Georgie Anne Geyer

The Washington Monthly

DECEMBER 1986/$3.00

THE KING OF QUOTES

WHY THE PRESS LOVES THIS MILD-MANNERED POLITICAL SCIENTIST

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HOW TO HELP SAVE LIVES AND REDUCE INJURIES AUTOMATICALLY

THREE-POINT PASSIVE SAFETY BELT SYSTEMS ARE AN EFFECTIVE COMPLEMENT TO BELT-USE LAWS.

General Motors is equipping 10% of its 1987 model cars with automatic lap/shoulder belt systems for the driver and for the right-hand front seat passenger. It is the first step in meeting a federal requirement to phase in passive restraints.

The automatic systems will be standard equipment on most 1987 models of the Pontiac Grand Am and Bonneville, Buick Somerset, Skylark, and LeSabre, and Oldsmobile Calais and Delta 88. By 1990 we plan to equip all GM cars with passive restraint systems.

The belts in the GM system will be connected to the car at three anchor points—one toward the center of the front seat, and two on the front door.

Three-point automatic lap/shoulder belt systems offer the same advantages as GM's current three-point manual systems. Lap and shoulder belts allow you to "ride down" the crash as the vehicle absorbs the impact. They also help prevent you from being thrown from the car in an accident, where you are more likely to be killed or seriously injured.

Safety belts have proved effective in reducing injuries and fatalities. That's why GM supports belt-use laws. Automatic lap/shoulder belt systems will make it even easier for people to comply with these laws.

Opening the door pulls the belts forward for entry. Closing it brings the belts into their operating position. A single push button at the center anchor point releases the system in an emergency. Retractors pull the released belts into storage positions on the door.

Extra attachment points will be built into cars equipped with these systems so you can secure most child restraint systems with an auxiliary lap belt.

General Motors is pursuing other programs that will help reduce the number and severity of injuries caused by accidents. We are designing energy-absorbing interiors. We are phasing in rear-seat lap/shoulder belts, beginning with some 1987 models—kits will be made available through GM dealers to retrofit most older cars with these systems. And we will be equipping some 1988 model cars with driver-side air bags to supplement safety belts.

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LETTERS

Mirror, mirror

The article on what has gone wrong with *Ms.* ["Has *Ms.* Undergone a Sex Change?" Susan Milligan, October] was excellent. It pinpoints as well why we no longer read *Ms.* and why we will be letting our subsrciption to *Esquire* expire: *Esquire* was one of my favorite magazines in the '60s. Now it has become a monument to narcissistic Yuppiedom. If Arnold Gingrich were alive today, he would kick some mirror-addicts out of those offices; if Susan B. Anthony were around, she'd picket *Ms.*

One minor correction: the excellent—and nonfawning—article on Donald Petersen says that "Merkur" is a made-up word designed for Euro-snob appeal. *Merkur* is the German word for *Mercury*.

DAN KIRKLIN
Indianapolis, Indiana

A desperate situation

We are always very pleased to see the media making visible the real issues that affect the mentally ill in our society ["Finally, a Cure for the Homeless," E. Fuller Torrey, September], rather than the often distorted and sensationalized images that so often appear. Dr. Torrey addresses a desperate situation, one we all hope to see resolved.

LAURIE M. FLYNN
Washington, D.C.
Ms. Flynn is executive director of the National Alliance for the Mentally Ill.

Dr. Torrey has come a long way since he began writing about mental illness in the 1970s. I had the privilege of commenting in the *San Francisco Chronicle* then about his indefensible position that there was no such thing as mental illness. Dr. Torrey has lately and deservedly become a hero of the Alliance for the Mentally Ill by adopting a public stand favoring aggressive programs for the care of the mentally ill.

Although he has come full circle, he still uses misleading rhetoric. His assertion that the patient Cynthia could be "happy and normal" if forced to take her medication flies in the face of scientific literature. Even the Kennedy legislation that he quotes only talks about treatment, not cure. Patients like Cynthia who are suffering from chronic illness and complicating personality factors can be helped sometimes. Dr. Torrey, as a clinician, knows better than to promise dramatic cures.

Dr. Torrey has set up a straw man in attacking the federally funded Mental Health Center System. These centers were set up originally as demonstration projects. They had a broad mandate to serve the community through such innovative programs as consultation to schools, community education, crisis intervention, and program evaluation. They were not set up primarily to treat the chronically mentally ill coming from state hospitals or anywhere else. If they are to be faulted, it is for the same error that Dr. Torrey risks—promising more than you can deliver.

If one simply attempted to solve the problem of homelessness among the chronically mentally ill, many of whom are pathologically suspicious and reject help, one could do it not only by forcing them to take the medication but also by reincarcerating them in institutions. This debate is more legal than clinical. It is at the heart of our political philosophy. Does this country want to take a paternalistic attitude toward those mentally ill persons who are not a danger to themselves or others and who simply wander the streets looking peculiar? Some of them become victims of street crime and so do some of the rest of us. Shall we make them safe by taking their freedom and removing them from the streets? Or shall we spend money to make the streets safer?

The decision to treat involuntarily has become overly complicated by procedural rules that often prevent those in need from getting help. This change to ever more complicated rules is abetted by some "public interest" law firms that have lost sight of a balanced approach. Pundits now speak of patients dying with their rights on. As a clinician, I still feel queasy treating someone involuntarily and can override that feeling only when I am sure that the patient is dangerous, or so disabled that he or she cannot survive without help, and that the treatment I have to offer can actually make an improvement.

The treatment of the chronically mentally ill is difficult and complicated. It is currently the responsibility of the states. There are few cures but much good that comes from sound treatment. The balance in procedural rules needs to shift back toward treatability and we must be careful not to promise the public and the politicians more than we can deliver. Dr. Torrey is an important contributor to the cause of raising public

Medicine, Technology, Science, Environment

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awareness, but he undermines his case by using distorted and tendentious writing.

SANFORD R. WEIMER, MD.
Orange County, California

The author replies:

Dr. Weimer's recollections are not correct. I have never said "there is no such thing as mental illness," but rather that psychiatric patients are comprised of one group with true brain diseases (e.g., schizophrenia) and another group with problems of living (e.g., existential crises). The former need neurological/medical care, the latter need education. It is the group with brain diseases who comprise the estimated 75,000 persons with schizophrenia currently living in shelters and on the nation's streets. The majority of these *can* be helped with medication.

Regarding the involuntary medication of such persons, I agree that this is a social and political issue as well as a medical issue. As such it deserves public debate. The primary purpose of involuntary medication is not to make the streets safe, however, but to provide treatment for persons who need it but do not know they need it. It is indeed paternalism, but is similar to the paternalism we provide for other groups with brain damage who are unable to care for themselves (e.g., persons with mental retardation and Alzheimer's disease).

Regarding the Community Mental Health Centers, Dr. Weimer is wrong in asserting that "they were not set up primarily to treat the chronically mentally ill coming from state hospitals or anywhere else." I refer him to the congressional hearings on the original CMHC legislation in which the primary purpose of CMHCs was *explicitly* tied to the chronically mentally ill by everyone who testified. CMHCs, in fact, were depicted as the new alternative to state mental hospitals. The fact that CMHCs (and NIMH) had no interest in that primary mission and pursued other activities does not change the original mandate.

Mail frauds

Steven Waldman wrote an excellent piece on direct mail ["The Hiroshima Hustle," October]. I have distributed it to my students in the "Campaigns and Elections" class I teach at the University of Virginia; it is more revealing than anything else they are reading

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Subscription rates: U.S. and possessions: one year, $33; two years, $58; three years, $79. Additional charges per year, foreign subscriptions: Canada, $3; other, $25 air mail, $3 surface mail. Back issues, $3. Send all remittances and correspondence concerning subscriptions, undelivered copies, and changes of address to 1711 Connecticut Ave., N.W., Washington, D.C., 20009. For change of address, please provide four weeks' notice and return old address label. New subscriptions only: 1-800-341-1522.
The Washington Monthly is indexed in the Book Review Index, Political Science Abstracts, Public Affairs Information Service, the Readers' Guide to Periodical Literature, the Social Science Index, and Ulrich's International Periodicals Directory, and may be obtained on microfilm from University Microfilms International, Ann Arbor, Michigan, 48106.
Unsolicited manuscripts must be accompanied by a stamped, self-addressed envelope.
Published monthly except combined July/August issue by The Washington Monthly Company, 1711 Connecticut Ave. N.W., Washington, D.C. 20009 (202) 462-0128.

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ISSN 0043-0633.
Postmaster: Send form 3579 to The Washington Monthly, 1711 Connecticut Ave. N.W., Washington, D.C. 20009.
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on the subject.

I found myself getting very angry as I read the piece—which surprised me (and is a tribute to his skill as a writer) since I have come across many examples of such deceit, distortion, and outright lying in ten years of studying direct mail. I have become convinced that distasteful practices and maybe even outright scandal characterize the whole industry. One wonders when some simple reforms will be enacted. I hope the article receives wide distribution if only to shame someone in authority into sponsoring them.

LARRY SABATO
Charlottesville, Virginia

Going on record

It was gratifying to read Esther Schrader's article "Double Indignity" [October], and to realize that my ordeal with our hospital system is hardly unique.

In May 1984, my infant daughter was admitted to a local hospital with what appeared to be sepsis. Her condition was later diagnosed as a feeding problem. I was permitted to room in. When the insurance company denied our claim for benefits, the hospital did cooperate by providing me with the medical record. In the process of reviewing it, however, I discovered several curious observations in the nurse's notes—"Mother hysterical"; "Mother insists on receiving meals"; "Mother refuses to pay for breast pump." Since I was not the patient and since the notes did not contribute to an understanding of my daughter's condition, I asked to have the intrusive trivia deleted. The hospital adamantly refused, claiming that the law prohibits removal of any information from a medical record. I can only hope my daughter's career choices won't be jeopardized because she has a "hysterical" mother who refuses to purchase a breast pump.

HANNAH KLEIN
Wheaton, Maryland

I'd like to report a misuse of medical records with which I was personally involved. I work in a frozen food warehouse. About eight years ago, a fellow employee complained of severe chest pains. He was admitted to an intensive cardiac care unit. Three days later he was home. He said he wasn't sure what the doctor's diagnosis was, but his problem was caused by heavy lifting. I brought the man an accident report form and asked him to release his medical records to me. I am a union counselor and handle, when asked, worker's compensation cases for members.

Joe's medicals included lab reports and an admissions EKG. The treating doctor's diagnosis was "chest wall strain due to exertion by heavy lifting." I turned the accident report over to the company safety office. In due course, Joe called me to say that his comp claim was denied based on the grounds that he had a "myocardial infarction; an 'arthroscleritic' condition, hypertension, and an ulcer." I took Joe's EKG to a doctor I know and asked if the reading was compatible with a myocardial infarction. He told me the reading indicated a superbly healthy human heart.

Since I had Joe's medical records, I had to presume the company's comp carrier had them too. I also had to presume that they ignored the medical evidence and relied on the diagnosis on the denial of benefits form concocted by two company flunkies.

The union refused to argue the denial, pointing out that we weren't qualified to make medical determinations. On my own, I set up an appointment for a hearing with the state's workers comp commissioner. The commissioner agreed with me that Joe's disability was caused by his employment.

Joe received $6,400 in compensation benefits, the union Health and Welfare Fund saved nearly twice that in medical expenses it would have had to pay on Joe's behalf, and I lost two day's pay and the next union election.

GERALD WALCH
Belchertown, Massachusetts

The ad which appeared in November for The Center for Economic Studies should have included their new address:
Common Ground
2000 Century Plaza # 238
Columbia, MD 21044

The wrong road

For this black man, raised when 90-95 percent of blacks worked at manual or semi-skilled labor, fewer than 10 percent went to college, none were in professional sports, unemployment among blacks was good when it was only 50 percent, and every societal function conspired to legitimize the inferiority of black people, it is instructive to observe the current efforts to prove that the black family is an endangered species.

As always, the present trashing of the black family is a model of erudite half-truths. With the other half untouched, the resolve by some white people to "do something" through programs conceived, constructed, and administered by them for the supposedly disintegrating black family, marches on.

There is a paternalistic bent about Mickey Kaus' attitude ["Building St. Patrick's Cathedral," September] toward the black family that one wishes the writer would meditate about. His last couple of sentences are indicative: "...we might not be applauding him today for recognizing the black family crisis two lost decades ago. We might have spent two decades solving it." Perhaps Mr. Moynihan has gained some wisdom yet to be picked up by Kaus. Those who persist are going to waste time, effort, and money, traveling up the wrong road.

WILLIAM SIMPSON
Park Forest, Illinois

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TILTING AT WINDMILLS

Charles Peters is on vacation this month.

I'm getting too old to write my-generation pieces anymore and I have one more thing to say, so I'd better say it now. The rap on my generation—people born during the baby boom, but young enough so that the sixties represented an adolescent romance rather than a permanent life commitment—is that we've returned to the fifties. We are climbing the corporate ladder, we are materialistic rather than altruistic, and so on.

There's something slightly off about this. My generation is drastically different from the World War II generation in its attitude toward big organizations. We grew up on the grand failures of the federal government and the Fortune 500, and saw our parents personally pay the price that bureaucracies extract from their employees. As a result we developed a real contempt for the kind of work that stifles self-expression, and we value personal freedom almost above all else. Charles Peters, the editor of this magazine, likes to tell the story of his having gone to work at J. Walter Thompson in the fifties because it was not just respectable but also a little hip; that's inconceivable today. My generation's most common life-fantasy is to be not the Chief of Naval Operations or the chairman of General Motors, but a kind of high-level free agent: the software king, the Wall Street genius, the movie director, somebody who can make the rules he or she lives by and who does "creative" work. If you want to narrow the odds, you'll become a lawyer or consultant who sweeps into organizational life when there's a problem to be solved or a big deal to be made, and lets the drones live with the consequences. In either case, it's true that having plenty of money is usually part of the dream.

I have chosen to work in a small organization that gives its employees lots of autonomy, so I don't hold myself apart from the phenomenon I'm describing. Socially, it does have benefits, the most obvious of which is the flowering of entrepreneurship we've seen in the last ten years. But to think that the big bureaucracies can be written off as boring and irrelevant is wrong. They need to be made to work again, and that's a task that my generation—which prefers to stay away from large organizations, and when it joins them, does so in a spirit of cynicism—is so far completely ignoring....

Residential real estate is the last frontier of good

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journalism. The real-estate sections of most newspapers are still mired in practices that have become outdated everywhere else, like printing press releases verbatim as news stories. Perhaps that's why there hasn't been much attention given to the problem of bait-and-switch mortgage companies.

Here's how they work: you're buying a house, and you flip through the real estate section looking at the mortgage advertisements. You see ads from all the big savings-and-loans in your area; and then there are smaller ads from institutions calling themselves "mortgage companies" offering mortgages at rates from half a point to a point lower. These cheaper companies really are, though they don't tell you directly, mortgage *brokers* that try to sell your application to big companies that buy mortgages. In a time of falling mortgage rates (for example, the spring and summer of 1986), they won't have much trouble; but when interest rates are stable or rising, your application will be hard to sell.

In that case, the company often won't actually turn down your application because that involves a lot of government-required disclosure forms that they want to avoid. Instead, you just never get an answer; when you call, you're told that the "loan committee still hasn't reached a decision." Meanwhile, you can't close on the house....

Apparently the latest addition to the list of weapons that don't work is binary nerve gas. It is difficult to avoid feeling a certain relief about this. My military-expert friends tell me that nerve gas isn't so bad, because the protection against it is much better than it was the last time nerve gas was widely used, during World War I; in fact, if everyone knows that nerve gas will be used, infantrymen will have to wear bulky body suits that will make it more difficult for them to kill each other with guns and knives. Anyway, I'd just as soon save my passion about military effectiveness for weapons that provide troop cover.

I hear that when the CIA briefed senators about binary nerve gas it made it clear that the gas just doesn't do what it's supposed to do. This didn't deter the Senate from spending a great deal of time on several dramatic debates and votes about whether to put it into production: conservatives saw going ahead with nerve gas as a symbolic test of our resolve, and liberals saw voting against it as a way to show revulsion over the horrors of war. Faithful *Washington Monthly* readers will recognize the principle at work here: make-believe. Important people in Washington find the appearance of governing far preferable to the real thing. Learning the actual substance of issues, fighting off interest groups, and leaving Washington to find out whether plans are going awry in the field—all that is no fun compared to a life of meetings, speeches, and public attention....

It seems to me that the maturing of Washington as a

Why ERA Failed

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By Mary Frances Berry

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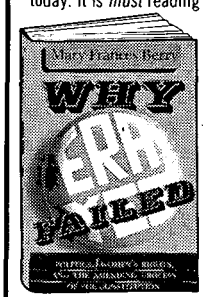

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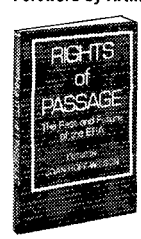

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city over the past 20 years, a process that has loosed avalanches of self-congratulation in the local press, has only made the problem of make-believe worse. The more exciting Washington becomes—with culture, restaurants, immigrants from all over the world, and a sophisticated, non-captive press corps—the more tempting it is to mistake the whirl of activity here for great statecraft. The unlikely star status of Norman Ornstein, which Steven Waldman writes about in this issue, is in some ways a testament to the power of make-believe. To a reporter, the center of the action in Washington is an incredibly tempting place to be. It's exciting, even urgent, and it's where the front page stories are, too. Washington has gotten complicated enough that the center is no longer just the White House—it's constantly shifting, from place to place and issue to issue. To stay constantly at the center as a reporter requires moving from story to story so fast you can't possibly write with authority under your own steam. To have someone you can call who can instantly put almost anything in perspective is a godsend. No doubt the pleasure of life at the center is also what has led Ornstein to spend most of his time playing this role for reporters. Public figures less honest than Ornstein profess not to like the press, but they sure don't like it when the phone stops ringing....

Speaking of the large organizations that my generation has ignored, I have a hunch that the one in the most trouble is the federal bureaucracy, and that when we start taking on national projects in the early 1990s and need government to work again, it won't. Ronald Reagan has curbed some of the bureaucracy's excesses in the pay and featherbedding department, but he has done so without any evident desire to reform it. It's hard to imagine that Reagan's stance toward the bureaucracy has done anything but convince talented and dedicated people not to consider careers in it....

When I was an editor here ten years ago one of the stories I was most excited about working on was a piece by Deborah Baldwin (with a sidebar by James Fallows) that presented parenthood as a kind of personal redemption from selfishness, on the ground that the love of a parent for a child is the only truly selfless love. In the two years since I have become a parent I've been having nagging doubts about this. It's true that I would throw myself in front of a train to save my son's life, but in the meantime he has a more exalted view of me than anyone in the world, and this makes parenthood a condition rich in ego gratification, at least until adolescence comes around. I think we can say at least that not every parent's love is wholly selfless. Was it altruism that surged through Joseph P. Kennedy as he plotted his sons' rise? Parents ought to go out and earn their good citizenship points like everbody else....

If you're white and you live in Washington, did it occur to you as you opened that first issue of the revamped *Washington Post Magazine* that it would provoke a lengthy series of demonstrations by black groups? I doubt it. The nerve the magazine struck with blacks is one that most whites aren't even aware of: it's the feeling among blacks that to whites, all blacks are alike and should be treated alike, i.e., as members of an inferior race. Thus whites see Washington, which has been a capital, if not *the* capital, of the black bourgeoisie for 150 years, as a city with a white upper middle class and a black ghetto. Richard Cohen's infamous column unwittingly raised exactly the point that most rankles middle-class blacks: that because the disorganized black poor commit a lot of crimes, whites will (literally, in the case of the jewelry store owner Cohen wrote about) close the door to the whole race. The ethic of *omerta* about the black underclass that still strongly exists among middle-class blacks comes from this: it's a feeling that if we don't talk about the messed-up lives of the worst off of us, they can't use that to dismiss us all. The crucial next step forward in race relations depends on our ability to get around this barrier somehow....

Democrats feeling euphoric after last month's elections ought to pay special attention to two articles in this issue: Lawrence Wright's memoir about growing up in

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Nixon country, and Jonathan Rowe's review of Sidney Blumenthal's book, *The Rise of the Counter-Establishment*. Both try to explain something that the thinkers of the Democratic Party still just don't seem to get, namely, why Republican presidential candidates keep winning landslide victories. The explanation that Reagan is personally popular but his policies aren't just isn't enough. A lot of Democrats feel that Reaganism is a passing phase, and that good old liberalism is coming back; I agree that some kind of change is in the wind, but it isn't exactly that one. The other prevailing view in the Democratic Party, that the Democrats need simply to become more conservative (with an emphasis on pleasing business interest groups) isn't very persuasive either; a successful presidential candidate needs, at the very least, a zeitgeist that enobles the coalition of voters he has stitched together.

Franklin Roosevelt, not entirely consciously, addressed the great economic and demographic changes of the first three decades of this century—immigration, industrialism, urbanization, the rise of the large organization. The next great Democrat has to understand the forces that come through strongly in both Wright's and Rowe's articles: the geographic dispersal of the population, both across urban areas and to the South and West; the slow breakdown in the authority and power of the American Establishment; the rise of the service economy and of television. These have changed most people's lives, and they aren't going to go away. A presidential candidate has to communicate the sense that he understands and wants to solve the problems created by the changes of the past 30 years without simply repealing the changes entirely (which was Walter Mondale's message). The kind of Democrat who tends to be made fun of for his babbling about the future (Gary Hart, Jerry Brown) will probably do better on this score than the kind who wants to be seen as a moderate, blending elements of liberalism and conservatism (Mario Cuomo, Joe Biden)....

Now that I've sworn off writing about my generation, I think I'll reward myself by starting to sprinkle my work with quotes from great works of literature. Well, maybe not, but here's one from *Moby Dick*: "It was the whiteness of the whale that above all things appalled me. But how can I hope to explain myself here; and yet, in some dim, random way, explain myself I must, else all these chapters might be naught."

This is a wonderful writer's creed: the recognition of how difficult it will be to get to the heart of the matter, and the willingness nonetheless to endure anything, including looking awkward or ridiculous, in its pursuit. Judging journalism in Washington on the whiteness-of-the-whale standard, I'd say that the good of the greatly increased emphasis in the last ten years on really explaining things has been nearly wiped out by the great increase in the same span of time in institutions designed to provide reporters with a shortcut so they don't have to struggle with the whiteness of the whale after all. If Melville were a reporter in Washington today, he could just call a pollster or an expert from one of the action-oriented policy-studies foundations around town. "Our research turns up an interesting phenomenon, Herman," he'd be told. "The whiteness thing is playing very, very negatively out there."...

—*Nicholas Lemann*

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WHO'S WHO in the Administration

One result of the Democratic takeover of the Senate will likely be closer scrutiny of the Challenger accident. Sen. **Ernest Hollings**, who has called for further investigation of the role of the White House and senior NASA officials in the launch decision, will get his chance as chairman of the Commerce Committee....

Expect a mass-exodus from the Treasury Department. Secretary **James Baker**, Assistant Secretary for Public Affairs **Margaret Tutwiler**, and Assistant Secretary for Management **John Rogers** are all rumored to be going over to the **George Bush** campaign. The feeling seems to be that the big job—tax reform—is done and there's no time left in the Reagan administration to complete anything else of substance. Even Deputy Secretary **Richard Darman**, who was rumored to be staying to work on international economic issues, is said to have talked to some private investment firms....

Patrick Buchanan's likely departure as White House communications director gives another opportunity for Chief of Staff **Donald Regan** to shape the White House staff in his own image. So the betting is that **W. Dennis Thomas**, a Regan aide, will replace Buchanan....

Mario Cuomo's ability to raise money doesn't seem to have been hurt much by his propensity for New York provincialism. He has raised $1 million for the Democratic party without leaving his desk. His signature on the national committee's direct mail letters has raised more than any other elected official's in the last two years....

Although the Senate shift will require **Robert Dole** to change his resume to include the less impressive title of Minority Leader, he is probably breathing a sigh of relief. If the Senate votes to raise taxes it won't be Robert Dole leading the charge, a blessing for his presidential aspirations. The change will also make it easier for Dole to step down from the leadership. Being Majority Leader has been tremendously beneficial for Dole, elevating his status from long-long to long-shot. But he's gotten out of it what he can, and will likely be looking for a way to step down so he can spend more time on the campaign trail....

The more things change.... Nearly half of the White House officials and current and former members of Congress responding to a survey, admitted leaking confidential information to reporters. The frequency of those leaks didn't change from 1963 to 1983. One third said they leaked the information to protect their jobs; one fifth to undermine somebody else's....

In

ENERGY

Chairman, Federal Energy Regulatory Commission—**Martha O. Hesse** has been assistant energy secretary for management and administration.

HOUSING & URBAN DEVELOPMENT

Assistant Secretary—**Judith Y. Brachman** has been a field officer with HUD in Columbus, Ohio.

STATE

State Department Spokesman/Designated Assistant Secretary of State for Public Affairs—**Charles E. Redman** has been deputy State Department spokesman.

Ambassador to Pakistan—**Arnold Lewis Raphel** has been deputy assistant secretary in the Bureau of Near Eastern and South Asian Affairs.

AGENCIES AND COMMISSIONS

Assistant to the Commissioner, Internal Revenue Service—**Richard C. Stark** was a partner of Johnson & Swanson in Dallas, Texas.

Inspector General, Small Business Administration—**Charles R. Gillum** was deputy inspector general for GSA.

Out

COMMERCE

Director, Office of Investigations, Import Administration—**Donald L. Korb**.

DEFENSE

Assistant Secretary—**Dr. James P. Wade, Jr.**

Undersecretary of Defense for Research & Engineering—**Donald A. Hicks.**

HOUSING & URBAN DEVELOPMENT

Assistant Secretary—**Antonio Monroig.**

STATE

State Department Spokesman—**Bernard Kalb.**

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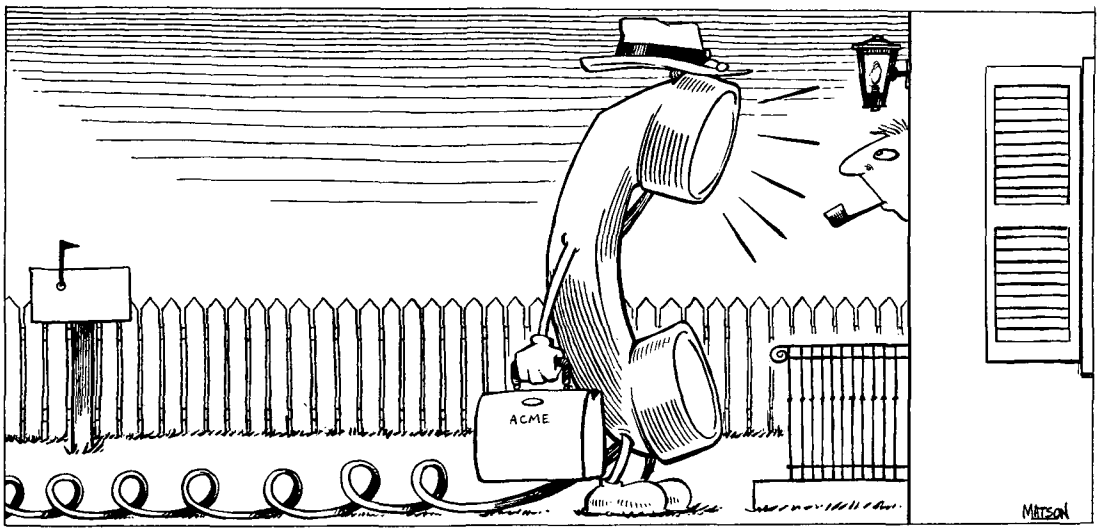
Telemarketing—selling over the telephone—is becoming a huge industry and its sleazy underside has grown up right along with it.



DIALING FOR DOLLARS

by Paul Glastris

The sign on the window of the shabby building in Silver Spring, Maryland reads "positions available: telephone solicitations." In the basement office, three dozen people sit under flourescent lights at folding tables placed against the walls. Each works a yellow push-button phone. Some are fundraising for a local Kiwanis Club; others are calling those who have let their magazine subscriptions lapse. In subdued, conversational tones like those of late night DJs, they work from scripted pitches, though most of them also ad lib. They work 4-to-6 hour shifts and make between $5 and $10 an hour. "We've got a low overhead philosophy here," explains a 30-year-old in jeans and sneakers named Bill Taliaferro, one of the owners of Nevus Communications Group, the telemarketing firm. "That beautiful operator from Time/Life who you see on TV, with her computer screen and her plush office; she's in telemarketing, too," his partner, Paul Holland, explains. "But believe me, most telemarketing firms don't look like that; they look like this."

Telemarketing is very likely the fastest growing industry in America. Banks, real estate firms, stock brokerages, insurance companies, sporting goods manufacturers, distributors—nearly every industry in America is "into telemarketing." Arts, charities, and other non-profit groups are, too. "Telemarketing really has become the lead method of marketing in the arts," Joanne Steller, director of marketing for Washington's National Symphony Orchestra, told *The Washington Post* recently. "It went from not being done to everybody doing it in the last four years." Political organizations are also on to the trend: telemarketing is eclipsing direct mail as a means of canvassing and fundraising. For last month's midterm elections, the Republican party hired a private telemarketing firm to contact an estimated 11 million voters in what party officials describe as the largest telemarketing effort by a political party in history. (For lack of money, the Democratic Party went the traditional route and relied on volunteers to do most of its phone canvassing.)

Only in recent years has the longstanding practice of doing business over the phone become an industry. The best estimates of telemarketing's size and growth are staggering. In 1983, com-

Paul Glastris is an editor of The Washington Monthly. *Priscilla Witt provided research for this article.*

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panies generated $56 billion in revenue through the systematic use of telephone sales and marketing. This year telemarketing revenues are expected to be more than double that amount: $118 billion. There were 1,650 companies employing 4,500 people in telemarketing in 1980. Today, 140,000 companies employ over 2 million telemarketers. Marvin Cetron, author of *Jobs and the Future*, puts telemarketing at the top of his list of fastest growing fields and predicts 8 million Americans will be employed in it by the year 2000.

Not everyone is pleased with the telemarketing revolution. Many consumers simply don't like receiving telephone solicitations at home. A number of states have considered legislation to restrict the practice, although industry lobbyists have blocked most attempts. Also, the growth of telemarketing has brought an explosion in telefraud. Usually operating out of low-rent offices called "boiler rooms" or "bucket shops," the con artists behind telephone frauds use the same kinds of carefully crafted scripts, the same phone call technology that honest telemarketers do. Travel packages, health spas, college scholarships, satellite dishes, investments, charities—if it can be sold over the phone, there's a good chance somebody is selling it fraudulently.

Telephone fraud has even slipped into politics: phone solicitation is the chief source of campaign contributions to the Lyndon LaRouche organization. According to John Mintz of *The Washington Post*, LaRouche supporters have sold subscriptions to a LaRouche magazine over the phone, convinced people to pay for it with their credit card, and then made unauthorized withdrawals from their accounts. The wife of a World War II veteran and stroke victim told Mintz that the LaRouchies got $5,000 from her husband by calling him as often as ten times a day and saying it was his patriotic duty to contribute. A 75-year-old widow living in a mobile home complained to the Federal Elections Commission that she lost $30,000, her life savings, in "loans" to a LaRouche affiliate organization.

No one knows for certain how many people telephone scammers defraud each year, but law enforcement officials agree that this kind of fraud is on the rise. In 1982, the Senate permanent subcommittee on investigations estimated that investment phone scams alone took in $200 million. Two years later the subcommittee raised that estimate to $1 billion. Federal efforts to crack down on telefraud have been largely sporadic and uncoordinated. Though Washington has helped some states in their efforts to put boiler rooms out of business, few investigators think they have made more than a dent in the problem.

Calling the obstetricians

The telemarketing industry awaits its historian, but as far as anyone knows, the crooks seem to have preceded more legitimate users. Boiler rooms date back to the 1920s, when the purveyors of worthless penny stocks first discovered that a few dozen phones set up in a basement gave them the power to cheat and deceive on a national scale. Only in the 1950s did legitimate companies in fields such as publishing begin to utilize in-house phone sales staffs. With AT&T's introduction of the WATS line in 1961, a few companies began to specialize in contract phone sales work for other companies. Such firms, however, were few and small, and telemarketing techniques and technology were still rough. Commercial transactions were still done in person: consumers shopped at stores; companies hired salesmen to make rounds to customers and clients.

Things began to change in 1967 when AT&T introduced the toll-free 800 number. That led airlines and other corporations to expand their phone reservation and consumer service departments, and gave managers experience organizing "in-bound" telephone staffs. The rise of the polling and market research industries were giving others experience managing "out-bound" phone surveying organizations. At the same time, the direct mail business, having grown like kudzu in the late sixties and early seventies, was beginning to experience diminishing returns by the late seventies as consumers' mailboxes became crammed with junk mail. To gain extra attention, direct marketers began to print toll-free 800 numbers on their letters and to follow up with phone call campaigns. Seeing the benefit in the expansion of these operations, in 1980 AT&T began operating training centers for customers interested in boning up on the latest telemarketing skills and technology. An industry was born.

Businesses love telemarketing for the simple reason that selling over the phone is less costly than keeping armies of salesmen in the field. The jobs created are nothing to scoff at either. They may not be sought after by the graduates of Wharton or Radcliffe, but for those with lesser credentials and opportunities, careers in telemarketing aren't a bad choice. Dialing the phone and reading a scripted pitch hundreds of times a day can be mind-numbing work; facing rejection by uninterested, rude, and irate listeners

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In 1982, one Senate subcommittee estimated that investment phone scams took in $200 million. Two years later, it raised that to $1 billion.

can tax the ego. But the money can be excellent: annual salaries for phone sales reps average over $15,000 a year and, with commissions, can exceed $50,000; salaries for sales managers average $30,000 and can hit six figures. Telemarketing also provides much-needed part-time work with flexible hours, and it is that rare industry in which the vast majority of managers and owners come from the ranks.

The best telemarketing sales representatives, say people in the business, are out-of-work actors. Not suprisingly, an inordinate number of telemarketing firms (and fraudulent boiler-room operations) are located in California. In fact, telemarketing has grown by tapping a work force increasingly skilled in "communications." It is the service sector's safety net.

The very thing that makes telemarketing so successful, however, also makes it troublesome. Dante Cirilli, vice president of Grolier Communications, a pioneer telemarketing firm, explains it this way: "[W]e, the general public, have been conditioned to sit up and listen when the phone rings in our home. How natural it is for us to turn the television down, or even move into another room to give the caller our undivided attention. And when the caller is a telemarketer, the result is a concentrated commercial message to which we have no other choice but to *respond*."

Few of us will let a phone just ring; it is often the way we communicate with our family and friends. So it's annoying to have to leave the dinner table and *respond* to some phone salesman trying to interest you in aluminum siding, lawn care, insurance, auto accessories, periodicals, credit cards, coupon books, investment ideas, or health and travel club memberships—especially when it's a computer-dialed call that plays you a recorded message. Telemarketing has turned what was once a private device—the telephone—into an advertising medium, and one that is uniquely intrusive. You can throw out an unwanted piece of junk mail without opening it, or turn off the TV or radio. But a telemarketing pitch is like a TV that turns itself on just to play a commercial.

Beyond its special intrusiveness, telemarketing also opens up fresh possibilities for deception. Anyone who has sold both in person and over the phone, as I have, knows that the anonymity of telemarketing is an open invitation to deceive. Television advertisers can deceive in their commercials, but they do so in front of millions of viewers simultaneously, among them competitors and government officials. Telemarketing messages are less public, and virtually impossible to monitor.

A common telemarketing trick is to pretend to do a poll or survey, only to shift into a sales pitch halfway into the interview. As firms that do legitimate market research are discovering, this practice is becoming increasingly irritating to the public. It is a key cause of rising "refusal rates"—the percentage of people who won't cooperate with pollsters.

The investment business is another field in which deceptive telemarketing has made large inroads. "Certain kinds of brokers have been making cold calls ever since they invented telephones," explains a stock broker at a big-name firm in Boston, "but it's only in recent years that the large, respected firms have gotten into the boiler room tactics." Prior to that, he says, a young broker just starting out would be told by his manager "to join the YMCA, the Rotary Club, teach adult education courses—anything to meet prospective clients. That's how you built up your business. Today they give a kid a list of obstetricians and say, 'Here, make 40 cold calls before lunch.' "

"It's the scripted spiel and the special cold calling rooms; that's what's new," agrees a Dallas broker who worked for a major Wall Street house before starting his own firm. "Sure it's deceptive. The most popular pitch works like this: First, the broker will tell you 'one of the partners' asked him to call, when really they got your name from some list they bought. Then he'll talk about the 'three or four outstanding investment oppor-

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tunities our research department uncovers every year,' and 'can I send you some information?' Of course, the broker calls you back a week later, which is enough time that you've received the literature but haven't forgotten about the broker. And, lo and behold, the broker tells you of this 'very hot stock,' one of those 'four or five outstanding investment opportunities,' which is probably some stock that's been on ice in the firm's inventory for months."

Even the most respectable companies can't seem to resist using small deceptions in their telemarketing. This spring the Justice Department questioned AT&T regarding certain phone techniques it was using to get customers to make "the right choice" when picking their equal-access long distance company. "In particular," wrote the Justice Department in a brief before the U.S. District Court for the District of Columbia, "AT&T was submitting pre-subscription orders for residential customers who had answered 'yes' to the question: 'May I continue to identify you as an AT&T customer?' " The AT&T manager who approved these scripts admitted to Justice that a "yes" response did not necessarily mean the customer wished to choose AT&T as its long distance carrier. AT&T agreed to rewrite its phone scripts.

Most telemarketing firms pay sales reps on commission, thus setting up another incentive for phoners to write down "yes" when the person being called really meant "maybe" or even "no." Honest firms try to validate orders, but abuses happen nonetheless. "The temptation to cheat is always there if you're being paid by how many pledges you get over the phone," explains an ex-sales rep for a well-known Washington, D.C. company that raises funds for charities, PACs, and other non-profit groups. "So a lot of notices go out to people thanking them for memberships they didn't ask for and contributions they never agreed to make."

Fundraising telemarketers employ other mild deceptions. Sales representatives may pretend to be members of the non-profit groups that have hired the for-profit direct-marketing firm. "One night you're on the phone pretending to be on the staff of some liberal senator's leadership PAC," says the ex-phoner, "the next night you're vice president of an abortion rights group."

"People's instinct on the phone is to say 'I'll think about it,' " explains another ex-phoner. "So the company writes all kinds of false scenarios into the script to build a sense of urgency. 'All the white tigers are in their breeding season, so we have to act fast,' or 'we need your pledge immediately to fight a bill in Congress.' Of course, we knew the money was mainly just going to fund the organization." Lauri Burhler, spokeswoman for the American Telemarketing Association, says the public tends to be surprisingly credulous. "We used to be suspicious of people who tried to sell us things over the phone. Now there's almost a gullibility or trust. We're used to giving our credit card numbers to faceless voices over the phone. People will buy land over the phone; it just amazes me."

Yakkers and mooches

At least six times a year *The Washington Monthly* gets phone calls like this: "Hey, how you doin' today? This is Sharon, from International Supply Center. We're the parent company of the firm that has been supplying you with toner for your Minolta EP 450 Z copier."

"Hi Sharon, what can I do for you today," replies the person taking the call. "Well," she continues, "we weren't able to contact you to let you know that the price of toner is going up tomorrow from $219 a case to $279. I'm sorry for this late warning. But what I've done is set aside five cases for you at the old price. We're doing this as a courtesy for our good customers. Now, if you can't take all five cases right away, let me send you one and you can order the rest at the old price as you need it. I'm sorry about this, but, you know, we can't hold your order past today, so I'm going to put you down for one case, Okay?"

The person answering cuts in and asks suspiciously, "Now, what company did you say you were from again?" "CLICK," goes the phone at the other end.

Sharon is a con artist—a "toner phoner." International Supply Center is not the parent company of our regular toner supplier. $219, the "old price," is about $50 more than we have been paying for toner. For $219, we would in all likelihood have received a case of useless, third-rate graphite that would gum up the copier. Toner-phoner fraud is big business. One operator indicted in Los Angeles last year ran six boiler rooms employing 250 people and grossing $18 million a year. Toner-phoners not only rip off buyers of copy supplies; they've created havoc for legitimate copier suppliers as well. "We conservatively estimate that 20 percent to 30 percent of the market has been raped and pillaged by these guys," claims Jim Charles, former president of the Office Machine Dealers Association.

There is something about telemarketing that seems to attract con artists. The tricks of phone

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fraud are easy to learn, and boiler rooms, with their dozens of callers, are like schools for scammers. Fifteen years ago, when developing South Florida's swampland was a booming business, companies like Gulf American Properties and Land Services Inc. started high-pressure boiler rooms to sell the lots. Gulf American was censured by the Florida Land Sales Board for teaching salesmen to mislead investors. By the late 1970s, many of the salesmen for these companies were into investment scams involving precious metals, oil-and-gas lease-lotteries, commodity futures contracts, and the like. The tactics got more intense, the deceptions more flagrant. By 1983, over 100 boiler rooms were operating out of Florida, swindling investors nationwide out of millions.

Jack Rose is a legend in this field. A seasoned con man who spent time in prison for home improvement fraud, Rose discovered boiler rooms in 1980. As executive sales manager of Universal Precious Metals in Fort Lauderdale, Rose coached a team of slick "yakkers" who defrauded hapless investors ("mooches") out of their life savings. Rose specialized in a hard-sell tactic called the "take away": if the mooch backs away from buying into the scam, accuse him of being too stupid to see a great deal and refuse to let him in on it. Other well-known boiler room tricks Rose's yakkers used included clicking a stapler to sound like a teletype machine sending up-to-the-minute market information, and putting the phone and the phoner's head into a desk drawer to get an echo effect while claiming to be in the vault with the investor's precious metal. The $5.8 million investors sent Universal in 18 months was never invested; Rose and his gang simply stole it.

In 1982, the company was raided by the FBI. Within a few days, Rose had set up a new firm, Atlantic Gold Coins, in his garage, using Universal's records, sales pitch, and victims list. By the time the FBI and the Commodities Futures Trading Commission (CFTC) shut him down for good in August of 1984, Rose had set up a nationwide network of boiler rooms with offices in Florida, New York, California, and Louisiana.

Other swindlers play not on people's greed, but on their altruism. The story of Richard J. Garden, president of Extravaganza, Inc., is a case in point. According to officials in five states, as well as the U.S. Postal Service—all of whom have filed suit against Garden—his racket involved selling tickets to circuses and ice shows staged by companies he owned. Phone salesmen hired by Garden, pretending to represent police or civic organizations, would tell the listener that proceeds from the show will help further the organizations' charitable efforts, and that, if the listener wishes, he can even donate his tickets so that handicapped and underprivileged kids can go to the show in his place. Officials, however, allege that Extravaganza has some bad habits: selling far more tickets than there are seats, failing to arrange for donated tickets to be given to disabled and disadvantaged kids, and allowing various expenses to eat revenues, leaving only a small fraction left for the sponsoring charity—which in some cases didn't even exist.

Officials believe Garden, despite all the suits against him, is still operating this scam. There are dozens, perhaps hundreds of promoters like him. Like the toner phoners, they hurt more than their victims. They "make the whole idea of charity look cheapened," complains Judith A. Maneval, president of the direct mail marketing firm of Sanky Perlowin Associates. "The scandals coming out are a problem for everyone in fundraising."

The main reason the federal government is not effectively putting most boiler rooms out of business is that no one agency has full responsibility for dealing with phone fraud the way that the Postal Inspection Service handles mail fraud. Instead, a half a dozen separate bureaucracies—the Federal Trade Commission, FBI, Securities and Exchange Commission (SEC), the Secret Service, the CFTC, as well as the Postal Inspectors and the Justice Department—split the jurisdiction up. This affords boiler room operators the opportunity to work scams that fall between jurisdictional cracks. "Deferred delivery" commodity contracts, for instance, were popular rip-offs a few years ago because neither the SEC nor the CFTC was charged with regulating them; rare coins seem to be the favored scam these days for the same reason. No one agency, with the possible exception of the tiny CFTC, has made cracking down on boiler rooms a top priority. The SEC would rather fight insider trading; the Justice Department is too busy with its war on drugs.

So government crackdowns on boiler rooms usually take place at the state level. Florida and a few other states have successfully shut down many crooked operations. State officials say, however, that the nature of boiler rooms—the ease with which they can set up to run nationwide swindles from one location—demands a stronger federal role. "Boiler rooms are a national problem," says Lawrence Fuchs, head of investigations for the Florida Comptroller. "If we run them out of Florida, they just set up shop in California or Nevada or wherever."

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Telemarketers are quick to agree that something must be done to shut down fraudulent boiler rooms—they give legitimate telemarketers a bad name. Most will also admit that the smaller abuses—computer-dialed recorded messages, calling people at dinnertime—are also bad for the industry.

Dozens of bills have come before state legislatures in recent years that would make it illegal for businesses to call people who have told the phone company or a government regulatory body that they don't want to be called. Such bills, however, have never passed. Instead, the competing interests of businesses and organizations that use the phone have created a classic case of political gridlock. Business-to-business telemarketers would probably not oppose such measures, but their lobbyists do because they also represent companies that engage in the more intrusive business of consumer telemarketing.

Yet even consumer telemarketers have their scruples; the more responsible of them, at least, oppose random-dialed cold calling, especially the kind done with computers and recorded messages. "When a salesperson indiscriminately programs such computerized dialers and haphazardly calls tens of thousands of people only to arrive at a handful of viable sales prospects," writes Nadji Tehrani, the publisher of *Telemarketing* magazine, "he or she is committing an act that cannot be condoned by the telemarketing community." Jack Heinritz, vice president of TBS International, a manufacturer of telemarketing equipment, agrees that randomly-dialed taped messages do "abuse consumer's rights to privacy. . . . As a legitimate industry, telemarketing cannot afford this situation to continue, any more than legislators can allow it to continue."

One reason legislators have allowed it to continue is that they are some of its biggest users. Before the elections in Pennsylvania last month, Republicans all over the state received computer-dialed phone calls. "Please hold for the president of the United States," went the recorded voice, followed by a taped message from Ronald Reagan asking the listener to vote Republican.

Politicians who try to respond to consumer pressure to restrict the commercial use of their phones are quickly reminded of the perils of doing so. A group of consumers recently approached Michigan State Rep. David Hollister with a plan to have the phone company list the names of all Michigan residents who didn't want to receive unsolicited calls, and to make it illegal for companies to call them. Hollister happily drafted a bill and introduced it on the floor. Lobbyists from the telemarketing industry had a fit. Even more outraged, according to Hollister's administrative assistant David Wiener, were lobbyists for opinion polling and market survey companies. "They said 'Do you realize what this will do to our ability to do polling?" Wiener recalled. Because they do "scientific research," pollsters tend to look down on telemarketers, whom they say poison the public's attitude towards uninvited calls. Hollister's bill would have restricted them, rendering their polls less accurate. "We got the same message from the Democratic Party," Wiener continued. "Since Representative Hollister uses polling in his own campaigns and elsewhere, we began to think twice about the legislation. It was never something the representative was wedded to."

Telemarketers complain about the cost of cross-checking their prospect lists against the lists of people who don't want unsolicited calls. But those costs would disappear if the government would require phone companies to use technologies, most of them available now, that would give consumers the option of screening out certain kinds of calls just by pushing a few buttons on their phones.

Abuses could best be limited if the federal government put more money and manpower into investigating boiler rooms, prosecuting phone fraud, and regulating the small deceptions of legitimate telemarketers. If corporations and politicians want to use the phone system as an advertising medium, they should be made to conform to the same truth-in-advertising rules that govern the airwaves.

Politicians, pollsters, corporations, non-profit organizations, phone companies and other groups reap the benefits of organized phone campaigns. If telemarketing abuses grow unchecked, these groups will have to make an ever greater number of calls to find people who aren't so annoyed at the intrusion or so suspicious of a fraud that they slam down the receiver.

Goodwill towards telemarketers is already falling, as Bill Taliaferro and Paul Holland of Nevus Communications Group are finding out. "Eleven percent of the people we call these days will simply not listen to what we have to say, because they just don't like getting called at home," says Holland, whose own home phone number is unlisted. "I can sympathize with people," agrees Taliaferro. "I'm in the telemarketing business; I spend my whole day on the phone. The last thing I want to do is spend my free time at home on the phone listening to a sales pitch." ■

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Did everyone you knew always hate Nixon? That's not how it was where I came from.

WHY WE LIKED DICK

by Lawrence Wright

Photo: AP/Wide World Photos.

It must be hard for today's young, as it was for me growing up in the 1950s and 1960s, to understand why Richard Nixon was so popular in his time. He had none of the qualitites we associate with "modern" leaders. He was square, empty of charisma, shy— "an introvert in an extrovert's profession," as he said of himself—and so stiff that when Sammy Davis Jr. hugged him at the Republican National Convention in 1972 it was one of the most surprising gestures I had ever seen. No one had ever touched Nixon; he posted an electric fence between himself and everyone else, including his wife. From his earliest entry into politics, Nixon was hated intensely, and even his supporters had to forgive his awkward manner. Despite defeats that would have ended most political careers, he went on to become president and to receive one of the greatest mandates of his time. Few people loved Nixon as they loved Eisenhower and Kennedy and even Adlai Stevenson, and yet Nixon was popular in a way these men had never been. He was an irresistible force, a democratic urge. More than any of his many opponents, he represented the fears and hopes and aspirations and resentments of his age.

Nixon went to Congress in 1946, the year before I was born. He came into office on a wave of savage red-baiting that set the tone of domestic and international politics for the next quarter-century. Leo Rangell, a psychiatrist who moved to Southern California the same year Nixon was elected, observed the mixed reactions Nixon evoked. "I was struck with a feeling of something awesome and uncanny, even, if you will believe it now, ominous and frightening, in the public's willing acceptance of the style and tone of his words; the uncritical and compliant acceptance of the artificiality, the obvious opportunism, the insincerity, and the questionable credibility which came across in his every utterance. Nixon at once polarized people into those who felt this way about him and those who did not. . . ." The emotional rift that Nixon opened in California's Twelfth District in the first postwar election would eventually become the fault line of American politics. Four years later it had split the state of California with Nixon's election to the Senate over Helen Gahagan Douglas. Two years after that Nixon was on the winning ticket with Eisenhower, and the entire country was beginning to arrange itself on one side or the other.

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My parents didn't love Nixon, but he came to represent them in ways they couldn't control. They feared and hated communism, and there was Rep. Nixon, the foremost anticommunist in the country. They loved Eisenhower, and there was Vice-President Nixon, the Eisenhower loyalist and chief defender, although Ike himself had always treated Nixon like an unwanted pet. They were proud of their country, and there was Nixon, the Goodwill Ambassador being stoned in Caracas, or standing up to Khrushchev in the kitchen debate. Nixon made claims on their emotions without their consent. He began to personify certain attitudes they endorsed. Their vision of America had become, in subtle ways, Nixon's America.

Nixon appealed to emotions that were not so easy to admire or understand. He never cared to play the role of the rustic; he was always yearning for dignity and status, and yet when he had first come to Washington, *The Washington Post* had him spotted as "the greenest Congressman in town." His friend and congressional classmate John Kennedy summed him up abruptly: "No class." That was an insult that implicitly included the millions of Americans who were, like my parents, earnest strivers, self-made people, who had seen their own parents fail and knew more of hardship than of ease. Kennedy had meant Nixon had neither style nor grace, but it was also true that Nixon, and people like him, were economically classless. They were moving upward through the social strata in unprecedented numbers. They had not grown up in a world of crystal and careful manners; many of them were just now learning which fork to use at dinner, but these people, who had lived near the bottom of society, whose childhood world had been a squalid city block or godforsaken stretch of farmland, were now buying decent homes, even sending their children to private schools. They had more money than power, more ambition than position, more enthusiasm than taste. In the battle of merit versus privilege, they had seen the advantages of old wealth and connections and credentials. Hard work and money were their only resources. In these millions of no-class Americans were deep reservoirs of resentment. Nixon became their angry representative, their score-settler, "a kind of dragon-slayer," as he later described himself.

Pat's cloth coat

He began by whipping Alger Hiss. Although Hiss had had his own tortured beginnings in Baltimore (his father slit his throat when Alger was three), by the time he appeared before the House Un-American Activities Committee (HUAC) in 1948 he was an advertisement for Eastern Establishment. Unlike Rep. Nixon, Hiss was witty, handsome, beautifully dressed. He was a product of Johns Hopkins and Harvard Law. He had been a secretary for Oliver Wendell Holmes, and had gone on to practice in prestigious firms in Boston and New York before drifting into government—and the Communist Party. He had risen through the State Department like a bubble toward the surface. He had stood at Roosevelt's shoulder at the Yalta Conference and helped to found the United Nations. He was a protege of men like Dean Acheson and John Foster Dulles, rulers of the Establishment.

Harvard awarded Nixon an academic prize in high school, but he couldn't afford to go there; after he graduated from his hometown college in Whittier, California, he went to Duke law school on a $250 tuition scholarship and earned money by working in the law library. But the big firms in New York gave him the cold shoulder; Nixon the star student couldn't even get a job at the FBI. He went back to Whittier and became a divorce lawyer. Then he went to war. Alger Hiss was too important to go.

Until this point my father's life paralleled Nixon's almost exactly—local college, law school scholarship, years of deprivation, struggle, and rejection, and the war. It's no wonder that men like my father, who started with so little, looked at Hiss with the same cool loathing that Nixon did. Hiss had everything they wanted, and what he had was in some unsaid way really theirs. Hiss had not earned his easy access to money and power by hard work, nor had he fought to defend the system that gave it to him. He had been handed everything on the silver platter of class. That's what Nixon hated about Alger Hiss. As Robert Stripling, HUAC's chief investigator later said, "Nixon had set his hat for Hiss. It was a personal thing. He was no more concerned whether Hiss was [a communist] than a billy goat!"

Nixon nailed Hiss, but even after Hiss was convicted of perjury, many members of the Eastern Establishment continued to defend him and deny his guilt. The Establishment protected itself. Nixon and the resentful, avenging, no-class Americans that he represented believed instinctively that the Establishment was in league with the communists, and the ringing denials of Hiss's guilt gave shape to the conspiracy.

The Hiss case brought Nixon attention; it even

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In Nixon we saw ourselves —a man of extraordinary ordinariness who was trying to be something more.

got him on the ticket with Eisenhower. But it also made him the permanent enemy of the Eastern Establishment. The hatred directed at Nixon after that would always have an element of classism—the wealthy, the privileged, the intellectuals on the one side, and Nixon on the other with the forgotten Americans, the Silent Majority.

Nixon knew where the lines had been drawn. When his personal political fund was uncovered in the 1952 campaign (*"Secret Rich Men's Trust Fund Keeps Nixon in Style Far Beyond his Salary,"* said the New York *Post*), and Eisenhower was preparing to dump him from the ticket, Nixon defended himself before the largest television audience ever. "What I am going to do—and incidentally this is unprecedented in the history of American politics—I am going at this time to give this television and radio audience a complete financial history of everything I have earned, everything I have spent, everything I owe," said Nixon. "I was born in 1913. . .".

Out it came, the family grocery store, the hard years of education, the inflated war record ("I guess I'm entitled to a couple of battle stars. . ."), his wife's job as a stenographer, their 1950 Oldsmobile, their modest inheritances, their mortgages, a loan of $4,500 from the Riggs Bank in Washington, another of $3,500 from his parents, no stocks, no bonds, no interest in any business. "I should say this, that Pat doesn't have a mink coat, but she does have a respectable Republican cloth coat. . .". And of course, the dog, perhaps the most famous campaign donation in history: "black and white, spotted, and our little girl, Tricia, the six-year-old, named it Checkers."

In describing himself, Nixon might have been describing my parents or millions of other Americans who had worked hard but were still on the outside, who did not— "like Governor Stevenson" —inherit fortunes, who had ambitions but no advantages. The speech made Nixon into a national figure, almost on a par with Eisenhower himself. The unofficial count of letters and telegrams sent to Nixon, Eisenhower, local television stations, and local party offices was over two million; they contained three million signatures. Republican headquarters in Washington alone received 300,000 letters and telegrams, as well as petitions signed by over a million people. Nixon had discovered an electorate no one had known was there.

In some subconscious way, the attacks on Nixon after that—the derision directed at the speech, Stevenson's erudite loathing, Eisenhower's obvious snubs, the Herblock cartoons—reflected upon those same people who had spontaneously identified themselves with Nixon. They had not chosen Nixon to lead them, but they had seen themselves in Nixon's place, and they believed that what would happen to Nixon would have happened to them. Nixon was not under attack because he was unscrupulous, but because he was an outsider, a usurper, an avenger of the new world.

Until the Checkers speech, my father, then a vice president of a small bank in Abilene, Texas, had no real idea who Nixon was. Of course he had heard of Eisenhower's puzzling selection of the 39-year-old freshman senator from California, and he had probably read Nixon's name in the newspapers during the Hiss trial, but he had never *seen* Nixon until this moment, when Nixon was fighting for his reputation and career. It was an arresting moment in my father's life. Before the Checkers speech, Nixon was no one in my father's mind; after the speech, Daddy was a Nixon man.

A god and a mortal

The presidential election of 1960 divided America for the rest of the generation between Kennedy-haters and Nixon-haters. It was a contest of class more than of issues. For people like my parents, the Kennedys were the kind of people they dreamed of being, but the Nixons were the kind of people they were. They didn't hold it against Kennedy personally—at least Mother didn't; she voted for him—but just by being unapologetically himself, Kennedy had made them feel less real. He was above ground and they were somewhere below.

It was precisely those qualities in my parents that made them identify with Nixon that caused me to gravitate to Kennedy. Perhaps a similar allure of wealth and glamour had drawn my father toward Roosevelt in his own teen-age years. Money seemed to give Kennedy and Roosevelt ex-

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tra vitality, despite their chronic poor health. Nixon, on the other hand, was fit but worn; the drudgery of life told on him. He longed for native charm. He wanted to be a man of wealth and influence. He would have liked to have been handsome.

Instead he was Nixon, with the ski-jump nose and the jowls, the mortgages that were personally burdensome and yet embarrassingly modest; a man who could never get off a funny line; a vice president whom even the president refused to take seriously. The gap between Kennedy's natural gifts and resources, and those of Nixon, was like the distance between a god and a mortal. Kennedy was the American dream personified, a completely secure personality.

Whereas, Nixon! My own earliest feelings about Nixon were sensations of sympathy and discomfort, what one might experience when watching a performer flub his lines—or, if not actually flub them, carry them off so poorly that one is too aware of the effort, the acting, the awkward reaching of the man for the role. There was always that feeling about Nixon, the amateur actor, of the leadenness, the pretense, the hopeless mortality of community theater.

"This is a man of many masks," said Adlai Stevenson in 1956. "Who can say they have seen his real face?" Stevenson was one of the first to speculate on the phenomenon of multiple Nixons. Even when I was a child, and Nixon was vice president, I heard of the New Nixon. Herb Klein, Nixon's press secretary, wrote that every campaign began with a New Nixon, who disappeared midway as the candidate began to feel mistreated by the press, and gradually withdrew. "We would start out with daily press conferences and end with none," Klein wrote. Nixon was always undergoing renovation, always reforming himself. He was a sinner yearning for salvation, but not very earnestly. The problem with the New Nixon was that he was invariably accused of being the Old Nixon in disguise. Herblock caricatured the New Nixon in 1960 as a smiling, well-shaven mask covering the familiar stubbled monster underneath.

The reality of the man was dismayingly evident. What we saw in Nixon was a duality we didn't see in more polished performers on the public stage. In Eisenhower we saw the contented hero playing out his presidency on the golf course. In Kennedy we saw the American Prince assuming his throne. In Nixon we saw ourselves—he was neither a hero nor a prince, but a man of extraordinary ordinariness who was trying to be something more. His vices were as common as his talents. One would never say about Nixon, as even Lyndon Johnson's bitterest enemies said about him, that he was larger than life. He was exactly life size. One saw Nixon in a way one never saw Kennedy. Kennedy showed us what he wanted us to see. Nixon showed us himself showing us what he wanted us to see.

In the space between the man and the mask, the Old Nixon and the New, lay the anxiety of the age. Most Americans were a part of the vast and expectant middle class. They were not, or did not feel themselves to be, members of as stable or as static an institution as the European bourgeoisie. They were emergent. They were fluid. They were moving off the land and into the suburbs, out of the old metropolis of the North and East and into the booming cities of the West. Ambition and uncertainty were their distinguishing features. More than any other politician, Nixon represented the aspiration of this grasping, highly charged middle class to better itself. Old Nixon was the aggressive, no-class newcomer on the make. He was fearful of falling off the track, of sliding back to his origins. He was resentful of those ahead of him in line, those who already had it made. Old Nixon dreamed of the day he would finally arrive, and then he could become the gracious and secure New Nixon, able to relax, let down his guard, cultivate friends, be generous to his enemies. But the lesson everyone drew from the Old Nixon is that he would never catch up to the New Nixon, and this knowledge was alienation itself, for if Nixon couldn't close the distance, how could we?

The New Nixon mask might have had another face: John F. Kennedy. It hit Nixon during the first debate, when Kennedy opened with a surprise attack on communism and the do-nothing Eisenhower administration. Nixon was watching another version of himself, the ruthless campaigner, hitting the same notes that Nixon so often had hit. There was much, Nixon said, that he and Sen. Kennedy agreed upon; they differed not on goals but on measures to achieve those goals...mumble, mumble, what could he say? Kennedy was using all his own themes, bashing Khrushchev, Castro, the Chinese; he was even lying in the clever way Nixon lied; he accused the administration of coddling Castro (when he had already been briefed on the plans for the Cuban invasion); he spoke of a missile gap (when none existed). Nixon was nearly speechless. He cast an occasional lovesick glance at the tan and handsome and wealthy and secure and sexy and charming politician who was destroying him. *That* was the Nixon that Nixon longed to be. ■

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WHERE DID VENEZUELA'S LOAN MONEY GO?

DOWN THE TOILET

by Tyler Bridges

If you want to understand how Latin America spent $365 billion in foreign loans, go visit the restroom of any public building in Venezuela. During the borrowing boom of the 1970s, then-President Carlos Andres Perez used the money foreign banks loaned his country to finance a unique employment program. He decreed that every public bathroom have an attendant. Forget that the program does nothing for Venezuela's economy; think hygiene and public relations: hand-towels courtesy of Citicorp.

The amount of money Latin America has thrown down the toilet in recent years is staggering. Equally amazing, few people—borrowers or lenders—seem to know where the billions went. The Reagan administration doesn't have a handle on the problem either, judging by its latest plan for easing the debt crisis. Treasury Secretary James Baker's much-heralded proposal calls for $29 billion in international lending to Latin American governments that reduce their public sectors through privatization. The truth is that the private sector is nearly as responsible for the debt problem as any government. In Venezuela, about half of the country's $33.5 billion in foreign debt was originally lent to the private sector. International bankers and businessmen are extremely reluctant to make more loans to Latin America. Those willing to do so want Third World governments to be involved in loans to private companies, so that the lenders will be protected if the loans go sour. Baker's approach will not solve Latin America's financial woes. Any hope of doing that begins with a look at where the money went.

Tyler Bridges recently left Venezuela after 20 months as a reporter for the Daily Journal, *Venezuela's English language newspaper. He is now traveling throughout South America, freelancing for several newspapers.*

$100 million park

At first glance it seems Venezuela should have avoided going deeply into debt. It has been called a democracy since 1959, complete—on paper at least—with the checks and balances that might rein in excessive spending. It exports oil. And it did spend a portion of its foreign loans wisely. It built the Guri Dam, which will generate more hydroelectric power than almost any dam in the world, providing the country with a cheap energy source. Venezuela used foreign money to modernize the three state aluminum companies, which now operate at full capacity and are an important source of foreign exchange. Foreign loans also built the Caracas Metro, among the cleanest and most efficient in the world. Nevertheless, Venezuela has amassed the fourth largest unpaid debt in the region, behind Brazil, Mexico, and Argentina.

The groundwork for the debt crisis in Venezuela—and around the world—was laid in 1973, when world oil prices quadrupled. Initially, Venezuela was awash in cash; its oil revenues soared to $10.8 billion in 1974 from less than $5 billion the year before. The money gave Perez, who became president in February 1974, enough funds to meet his ambitious plans to finance roads, electric power plants, sewers, bridges, schools, hospitals, and scores of other projects. The government committed itself to bigger and bigger outlays. Especially important was the centerpiece of Perez's economic policy: a massive five-year Fifth National Plan. The plan, scheduled to begin in 1977, called for spending billions of dollars to exploit the nation's abun-

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The owners of one company siphoned off $45 million by overpaying subcontracted work to other firms that they also owned. The businessmen have fled the country.

dant natural resources and industrialize the economy. But by 1976, oil income had leveled off. Without the revenue to pay for the plan, Perez decided to finance his dream with foreign capital, a decision international bankers eagerly endorsed. At the time, bankers, many with no international lending experience, were swarming Venezuela with open checkbooks. In October 1976, a group of foreign banks lent $1 billion to the Venezuelan government. Soon they were back lending to a host of state agencies. From 1976 to 1978, Venezuela's public-sector foreign debt more than quadrupled to $7.2 billion. The Perez government began to sink the money into vast building projects, many of which had been planned by Centro Simon Bolivar (CSB), a government housing agency. One CSB project called for building a giant high-rise apartment and shopping complex in downtown Caracas. The design for the project was a duplicate of a nearby CSB complex called the Parque Central, but CSB spent millions of dollars to draw up plans again. Then after work had begun, the blueprints were repeatedly changed. "Changing the plans meant new billings," explains a former CSB official. "They did this just so some people could make a lot of money. I've never seen such theft in my life."

Altogether, CSB spent an estimated $100 million in foreign loans on the site. A foundation solid enough to support a 100-story tower was constructed, but no structure was put up. Today, the high-rise site is still an empty pit. After a decade of inactivity, construction crews have recently returned. Their purpose, however, is not to put up a building. A sign at the site proudly proclaims it will become a park. "That's going to be the world's most expensive park," says the ex-CSB official.

Boondoggles like this abound. Near the park stands the Teatro Teresa Carreno, Venezuela's artistic pride and joy. The project was supposed to take four years to build and cost $100 million. Because of delays and design changes, it took ten years and cost at least $500 million. In 1981, the National Housing Institute was supposed to have financed the construction of 100,716 low-cost housing units, according to a report by the Venezuelan comptroller general. By November of that year only 14,366 apartments had been built. This kind of "efficiency" helps explain why today, the National Housing Institute has a $490 million foreign debt.

These mistakes piled up because government technocrats at the state agencies that managed the projects were inexperienced and corrupt. The central government, for its part, ignored the technocrats' squandering of so much money. "Throughout the [debt years], there was an evident lack of supervision and analysis on whether the funds were needed and how they were used," says a former high ranking finance ministry official. "There was no planning, no one charting the direction we should head."

Lack of accountability is built into Venezuela's political system. Though Venezuelans have voted for their president and congressional representatives every five years since 1959, these free elections mask an almost total lack of checks and balances. Power is concentrated in the president, who has extraordinary statutory powers to rule by decree. The congress, which could be a countervailing force, rarely is. The tradition of support for the strong man, or caudillo, is deeply ingrained in Venezuelan culture. As for judicial review, forget it. The courts are heavily politicized, with judges appointed by, and acting at the behest of, the president or party leaders. Aside from a somewhat independent but powerless comptroller general, government oversight in Venezuela is non-existent.

Rather than demanding a role in charting the government's expenditures, the Venezuelan congress was content to make laws that only gave the appearance of oversight. For instance, at Perez's behest, the congress passed a law requiring that government loans of more than one year have congressional approval. But it contained a massive loophole: state agencies could still get loans for less than one year without congressional approval. Not surprisingly, the dozens of state-owned institutes and companies took advantage

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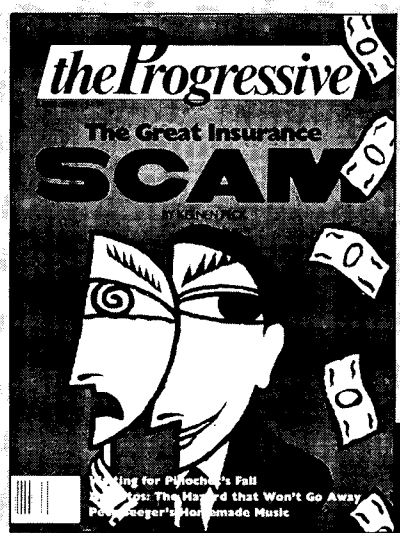

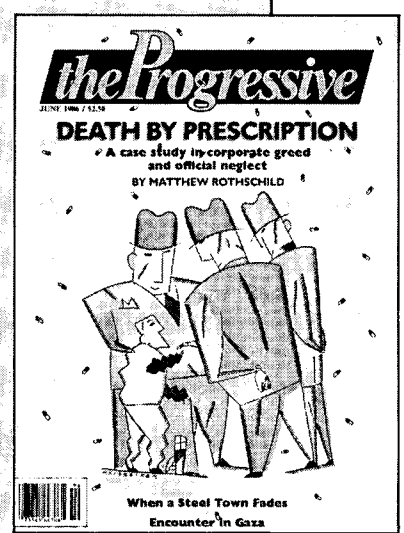

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of the measure by borrowing short-term for long-term projects.

That was fine with international bankers; their oil-rich Middle-Eastern depositors insisted on making only short-term deposits. No one—not the banks, not the central government—was keeping track of how much money hundreds of international banks were lending to the dozens of independent state agencies. Bankers who had qualms about this told themselves that if the agencies to which they lent money couldn't pay off their loans, the central government would bail them out. "You would lend to Sidor (the state steel company) thinking that the Republic of Venezuela would guarantee payment if Sidor went bankrupt," says V.E. Smallman, Mellon Bank's representative. "A lot of loans were made with the idea that countries don't go bankrupt."

Cake mix capitalism

Perez sought to increase his popularity by freezing the prices that utilities and other independent state agencies charged customers, even though investment and payroll costs were soaring. Although subsidizing the cost of food, water, and electricity made Perez popular, by 1978 the focus of the country's borrowing had shifted from modernizing infrastructure to covering

LATIN AMERICA ON $10 BILLION A DAY

Latin America's heavy borrowing looks like a blunder today, but it looked sensible in the 1970s. The big international bankers were awash in petrodollars, and were eager to unload them. Inflation kept real interest rates low so debtors could service their debts with dollars that would be worth only slightly more, or in some cases *less*, than those they had borrowed. High prices for Latin America's raw materials seemed to guarantee income with which to pay off the debt. At least in theory, borrowing looked like a quick—and perfectly responsible—way for Latin American nations to augment their own internal savings, increase investment, and raise their standard of living. But the 1981-82 recession snapped inflation. Raw material prices tumbled. Real interest rates soared. Growth stopped. Mexico barely avoided default. Development on the cheap was exposed as a pipe dream. The nightmare of ever more onerous debt payment began.

There is no question that the international banks deserve a good deal of the blame for this outcome. Bankers were incredibly cavalier about disbursing their cash. They assumed sovereign countries would never default, blithely ignored early signs of trouble, and when the recession came, they turned usurious, insisting on ever greater interest payments in order to protect their profit statements. Meanwhile, many banks were also profiting from helping wealthy Latins spirit capital flight dollars overseas into American bank accounts. Latin citizens now hold more than $100 billion in assets outside the region.

But Latin countries themselves have a lot to answer for, too. The success of their borrow-

Charles Lane is an associate editor at The New Republic.

abroad strategy hinged on investing loans efficiently in new productive capacity or in expanding existing capacity to produce more exports. The foreign exchange earnings would pay off the debt and there would be enough capital left over to invest and grow. Sometimes, as in the case of Mexican oil, investment went into production of a raw material, whose price later dropped unexpectedly. Yet too often Latin governments simply wasted the money on grandiose public works, government deficits, subsidies, and military hardware. They adopted exchange rate policies that clobbered their own exports, subsidized imports, and systematically encouraged capital flight.

Peru, with a current foreign debt of $14.3 billion, may be the debtor most victimized by forces beyond its control. A freak shift in Pacific Ocean currents in 1982 destroyed its fishing industry and caused ruinous floods and droughts. Peru was heavily dependent on copper, whose price took a wild roller-coaster ride on the way to dropping roughly 25 percent between 1974 and 1984. Meanwhile the banks were charging higher interest rates on new credit: Peru's interest burden doubled between 1975 and 1985. The International Monetary Fund (IMF) was particularly inflexible in imposing austerity formulas. Today, Peruvian living standards are at 1964 levels. For all these reasons, President Alan Garcia, who was elected in 1985, claims a right to shun the IMF and to restrict debt service to 10 percent of export earnings.

Even this star-crossed nation, however, deserves much of the blame for its own plight. The government invested just one-third of what it borrowed between 1970 and 1985. Much of the rest went to finance government budget deficits that were

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operating deficits.

A case in point is Corpomercadeo (CMA), the state agency created in 1971 to oversee the country's food production. CMA borrowed heavily from abroad to finance food imports and to subsidize food prices. This policy came at the expense of local agriculture, which was neglected in the rush to import. Once self-sufficient, Venezuela today imports about 50 percent of its food. "I couldn't believe the amount of imports available when I arrived here," says C. Michael Kruse, Bankers Trust Company's representative. "There was every kind of Betty Crocker cake mix imaginable."

From 1971 to 1982, CMA had $3 billion in operating losses, yet threw away thousands of metric tons of spoiled food each year. A 1983 private analyst's report stated: "CMA went through ten presidents in less than a decade, all of whom promised (and failed) to reorganize the corporation. CMA's terrible reputation was unmatched by any other of the nation's many inefficient entities. Indeed, its corrupt administration was so apparent and all-encompassing that anyone working for CMA, or associated with it, was frequently assumed to be dishonest." Today, CMA is bankrupt and in the process of being liquidated. Its $1.2 billion foreign debt has been assumed by the state-owned Banco Industrial de Venezuela.

by Charles Lane

caused not only by the recession, but also by bureaucratic bloat and subsidies on gasoline and imported food. In 1976, at the very moment the then-military government was promising its bankers austerity, the Peruvian Air Force bought $250 million worth of Sukhoi aircraft from the Soviet Union. In the middle of the 1982 recession, the Air Force contracted to buy 26 French Mirage 2000 planes for $728 million. (Garcia recently cut the Mirage purchase in half, but the bill is still $364 million.) Of the money that Peru did invest, most went into middle-class housing, highways, or boondoggles like the giant Majes irrigation scheme. Started in 1972 and still not complete, Majes was originally supposed to cost $600 million—$10,000 for every hectare watered. Cost overruns and inflation have approximately doubled the project's price over the last 14 years. According to Richard Webb Duarte, a former president of Peru's central bank, Peru devoted less than 10 percent of the loans it got between 1970 and 1985 to investment in export or industrial activities.

Chile's debt of $21.5 billion is the highest per capita of any major debtor in Latin America. Dictator Augusto Pinochet used foreign borrowings to buy political popularity. After taking power in a bloody 1973 coup, Pinochet needed to shore up his middle-class support. So he flooded the country with cheap imported cars, stereos, and TV sets and paid for them with borrowed money from private banks—*$3.3 billion* in 1981 alone. When the 1982 recession hit, new capital ceased to flow Chile's way, imports had to be drastically cut to save foreign exchange for debt service, and the consumer fiesta came to an abrupt end. Now Chile's per capita consumption has fallen to mid-1960 levels. Its annual interest bill of $2 billion is half of its export earnings.

Argentina's military dictators outdid Pinochet. Economist Rudy Dornbusch of MIT estimates that, before giving way to a democratically elected government in 1983, they wasted $30 billion on an overvalued currency, corruption, subsidies to cover the deficits of military-owned industrial companies, capital flight, and, most foolish of all, the Falklands War. Virtually nothing was invested productively.

Only two major Latin American debtors appear to be on sound financial footing today. Colombia, with a current foreign debt of $13.4 billion, pursued a relatively conservative borrowing policy in the seventies and benefited from a huge inflow of dollars from its illegal cocaine industry. While most other countries were exporting capital back to their lenders, the Colombian government was actually able to increase investment by 30 percent between 1980 and 1985. Brazil, with a current foreign debt of $104.7 billion, also had a penchant for grandiose investments. But many of its investments turned out to be productive, and it has stepped up manufactured exports so that its trade surplus is now more than enough to pay the interest it owes. In 1986, the economy will grow by 8 percent for the second year in a row.

The question of culpability for the debt crisis is far from academic. Still, those who blame the banks and those who find fault with the countries themselves, do agree on one thing: no solution to the debt crisis can work unless the debtor nations themselves take steps to restructure their economies toward greater efficiency, sensible exchange rates, and production for export. ■

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There is in Venezuela —and in Latin America in general—a tolerance of corruption. Ex-president Perez stole millions of dollars of public funds, yet he is the leading contender in the 1988 presidential election.

Another example of Perez's mistaken generosity to his constituents is INOS, the state water company, which currently has a foreign debt of $772 million. One reason why it hasn't repaid its loans is that until mid-1983 INOS billed customers for only 35 percent of the water it provided, and it collected a mere 25 percent of what it billed. It used foreign loans to pay most of the costs. INOS's books were a shambles. The comptroller general discovered that in 1982 that water agency had failed to register more than $30 million in its bank accounts. "INOS has never been able to produce a balance sheet," says a former finance ministry official.

Officials at the National Ports Institute (INP) apparently also flunked Accounting 101. In 1979, INP was charging companies $30 to move a metric ton of cargo for which it paid $40 in wages alone. "They couldn't produce enough revenue to meet their payroll and fixed costs, so they borrowed abroad," says economist Pedro Palma. "It was absolutely crazy."

One reason for INP's high operating costs is that the agency is a safehouse for the gainfully unemployed. The comptroller general found that hundreds of retired and "pre-retired" individuals on INP's payroll were earning $3,000 to $6,000 per month, and called this "one of the most blatant examples of featherbedding in Venezuela." Not surprisingly, INP regularly runs a deficit and has often been charged with corruption. Today it has a foreign debt of $115 million.

Another part of the borrowing went to fattening up the Venezuelan bureaucracy: the number of civil servants nearly tripled from 1974 to 1984. Many of their positions are make-work jobs. In addition to bathroom attendants, Perez decreed that every public elevator have an operator. "Today we have 500,000 government employees who do not work," says Tomas Enrique Carillo-Batalla, a former finance minister.

Having put a large number of Venezuelans on the public payroll, Perez also created a generous and innovative retirement plan for some of them. He ordered CANTV, the state telephone company, to count all years in public service—not just those at the phone company—when calculating retirement benefits. CANTV's pension plan also lets workers retire at 70 percent of their final wage after just 14 years of service, or at 100 percent of salary after 20 years, and pays all medical expenses for pensioners and their families. "The result is that every public employee with political connections seeks a 'transfer' to CANTV just before retirement," a private analyst wrote in 1980. Today, CANTV has a foreign debt of $685 million.

Privatizing a swamp

The Venezuelan private sector matched the government's incompetence dollar for dollar. The private sector debt was primarily in loans made by commercial banks to private parties, using state-owned banks and development agencies as middlemen. The idea was that if the private borrower went bankrupt, the commercial banks could demand payment from the government. Financed by foreign loans, the now defunct Venezuelan Development Corporation (CVF) made millions of dollars worth of loans to the private sector during the 1970s. "It was able to make loans to just about any field pertaining to development: heavy industry, tourism, agro-industry, shipping, chemicals, construction, telecommunications," says Cesar Egana, a member of the three-man board now liquidating the corporation. The foreign banks that lent to CVF weren't watching: they reasoned that the government would pay off any CVF loans that went bust. The central Venezuelan authorities left everything up to CVF officials. The only people paying attention were the CVF officials themselves—and the only thing they attended to was lining their pockets.

Consider a $200 million loan CVF guaranteed to Venezuela's largest cement company, Cemento Andino. The company is now bankrupt; $45 million of the loan is unaccounted for. According to the comptroller general, the company's three principal owners siphoned off the $45 million by overpaying subcontracted work to other firms, of which they were also the owners. The businessmen, along with a former CVF president involved in the scam, have fled the country.

Another CVF-sponsored project involved a

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plan to turn government-owned swampland into one of the biggest resorts in the world. The plan called for the construction of 50 hotels and 1,500 vacation homes. When finished in 1979, the resort was supposed to attract more than one million people a year.

Things didn't work out as planned. CVF officials couldn't coordinate the many private companies they hired to build the complex. Graft was common, and much of the work shoddy. The developer, Daniel Camejo, couldn't sell or even promote such a huge venture. After private- and public-sector spending of nearly $1 billion—much of it borrowed from abroad, including $40 million from Bank of America—the project is still far from finished. Only one of the 50 hotels has been built; two others were started but their financing ran out.

Crime pays

Businessmen and government officials squandering government-financed loans, state agencies awash in red ink, widespread graft, featherbedding, pension scandals—the last decade in Venezuela could have been an investigative journalist's dream. But if you had read the Venezuelan newspapers, you'd have precious little idea how wayward the country had become. The Venezuelan press often reported charges but rarely followed up or pursued independent investigations.

It's not as if significant evidence isn't available. The comptroller general's annual report to the congress contains enough examples of corruption and mismanagement to bring down many democratic governments. But not Venezuela's. "The report's release each year signals the beginning of a fruitless ritual: two weeks of headlines, handwringing, and horror stories, followed by oblivion," a private analyst wrote in 1984. "Few or none of the comptroller's suggestions are followed, no one is ever investigated for malfeasance, and the report's findings are typically forgotten for another year."

One reason the press buries the comptroller general's reports is that the government is not afraid to silence its critics. *El Diario de Caracas,* the only newspaper in Venezuela that has a muckraking tradition, had four investigations of corruption involving the government halted earlier this year by the current president, Jaime Lusinchi. Almost no negative publicity is tolerated by the government. *El Diario*'s editor has been jailed twice this year for quoting from a police report that alleged a politician was drunk in public and tried to urinate on an employee of a beach resort.

Still, the government's heavy-handedness doesn't fully explain the press's timidity. A deeper explanation is cultural. There is in Venezuela—and in Latin America in general—a tolerance of graft. If you doubt this, consider ex-president Perez. It is widely believed that Perez stole millions of dollars of public funds. How else can a man born into a lower-middle-class family, and who has been on the government payroll most of his life, own an expensive house in an exclusive Caracas neighborhood? And today Perez is a vice president of the Socialist International, and also the leading contender in the 1988 presidential election.

Underground obsession

The most sensible way out of the debt crisis is the plan put forth by Sen. Bill Bradley. It calls for relieving Latin American debtor nations of two-thirds of their annual $30 billion debt burden by cutting interest rates by 3 percent over a three-year period, and at the same time forgiving 3 percent of the loan principal. Not only does Bradley's plan avoid the Baker plan's distinction between public and private lending, which is nearly meaningless in Latin America, Bradley specifies only that debtor nations receiving relief adopt internally generated reforms; it also offers a way to ease the debt burden without throwing good money after bad. The Baker plan calls for new loans and more debt—no solution to a crisis caused by debt.

Where the Bradley plan comes up short is in failing to address the excessive tolerance of corruption and mismanagement that is at the heart of the debt crisis in Venezuela and other countries. Anyone who has spent time in Venezuela quickly realizes there is only one place where civic-mindedness is conspicuous and consistent: the Caracas Metro. On the streets, nothing seems illegal. Cars regularly run red lights, drive the wrong way down one-way streets, and scatter pedestrians by driving on the sidewalk to get around traffic jams. Below ground, however, all is quiet. The platforms on the Metro are spotless, and the passengers whisper. If you put your feet up on an empty Metro seat another passenger will invariably scold you. In the Metro, the citizens of Caracas seem to have found a public institution of which they can be proud. One wonders what would happen if the Venezuelans allowed this attitude to become a national obsession. ■

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MEMO OF THE MONTH

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

6325 Security Boulevard
Baltimore, MD 21207

AUG 12 1986

[redacted]: Check DPRP [redacted] Rick [redacted] DMTCP [redacted]

•Note to: OCP
OEP
ORP

BERC/ES has been asked to be certain that all Secretary signature letters start with an apology statement such as the following.

"I apologize for the delay in responding to your letter..."

Martin Dyer

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Wall Street says Dennis Levine was a yuppie who got greedy —an aberration in a good system.

Don't believe it.

THE BAD BARREL

by Ken Auletta

Jay Leno, the comic, tells of the time he performed in rural Alabama and told his bagel joke. No one laughed. He was morose—until it dawned on him: *Suppose they don't know what a bagel is?*

"How many of you know what a bagel is?" he asked, peering out at his audience. A lone hand went up, and a burly man exclaimed, "A *bea-gel* is a huntin' dog!"

Something like that happened recently on Wall Street. Not until the notoriety of Dennis Levine did many denizens of the financial community seem to know what insider trading was. They assumed it was a form of thievery practiced by a handful of corrupt individuals. Few believed it was systemic. In this sense they were kindred souls of Washington officialdom, which at first did not comprehend why Michael Deaver might have behaved improperly because in Washington trading on relationships is normal.

Yet the question begs to be asked about the ripening scandal on Wall Street as it does about Deaverism: Are just a few apples rotten, or is it the entire barrel?

Wall Street elders insist that up-and-coming investment bankers like Dennis Levine, who pleaded guilty to parlaying insider information to build a $12.6 million fortune, are merely the rotten apples in an otherwise clean barrel. Maybe 1 percent are rotten, it is commonly said. "I firmly believe it's an aberration, and it's happening at the fringe," observed Shearson Lehman Brothers CEO Peter Cohen last July. Most of the press coverage of the Levine case has adopted this tone—Levine and his cronies were yuppies, members of a uniquely corrupt generation, and were motivated by personal greed.

The people who say this are, I fear, hiding from the truth. As in the case with Washington lobbying or political fund-raising, or municipal corruption, the problem is more endemic than episodic. Dennis Levine may be a thief, but the culture or ethos of Wall Street bears at least a measure of blame. It looks very much as if yuppies weren't the only ones stealing, or as if Levine and his friends did it at least as much to impress their superiors as to shovel fast money in their pockets. During the time he worked at three investment banks, Levine is alleged in 54 instances to have used insider information to buy stock in companies about to be acquired or to make other deals. In more than half of these transactions, neither Levine nor his employer were insiders. This suggests that Levine relied for his tips on a network of people who may not think it unusual (or wrong) to pass along such information. In the Levine case alone, investment bankers at three separate firms and a distinguished takeover attorney have been indicted. Several of the culprits pocketed no money. Perhaps they were just trying to impress, showing off their credentials as movers and shakers, proving to their bosses how well connected they were.

Another piece of evidence: It is not uncommon for the stock price of a target company to climb days before a merger is announced. This has been the pattern in too many mergers. For example, in the five days prior to RCA's merger with General Electric, 10 million RCA shares—2 percent of its stock—changed hands. In the two days before the merger, RCA's stock price rocketed from $48.75 to $63.50 per share. Similar run-ups in stock prices occurred prior to the mergers between ABC and Capital Cities, and General

Ken Auletta is author of Greed and Glory on Wall Street: The Fall of the House of Lehman.

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Foods and Philip Morris, among others. "Too many stocks have moved up before deals have been announced for it simply to be a random phenomenon," George L. Ball, chairman and CEO of Prudential-Bache Securities, told a House subcommittee in June. Obviously speculators were operating on more than just hunches. Just as obviously, more than one rotten apple has been at work.

Dennis Levine thrived, in part, because he was known as someone with access to hot tips and secrets. The gregarious Levine spent much of his day on the phone swapping information. Partners marveled at how much Levine knew, how plugged in he was. They readily used his information to seek clients and to make investment decisions. At 33, Dennis Levine was awarded million-dollar bonuses, which makes his quite a different case from that of R. Foster Wynans, who claimed he was barely getting by in New York on a cub reporter's salary. Levine's boss at Drexel Burnham Lambert Inc., David Kay, chief of the corporate finance department, told *The Wall Street Journal*: "He could make things happen.... He was a tape watcher, and he would generate deals by knowing what was about to happen."

It is not too far-fetched to surmise that Kay and other elders on Wall Street didn't want to know where their hotshot protege was getting his information. At the time the bottom line for them was information. Now that the bottom line has shifted to containing the firms' embarrassment, Kay and his colleagues sound a bit like Captain Renault in Casablanca, who declared, "I am shocked—shocked!—to find that gambling is going on here."

Wall Streets' professions of hurt innocence are disingenuous. A great growth industry on Wall Street has been risk arbitrage, where people bet on the rise, or fall, of stock prices. There are many skillful players in this lucrative line of work, and the profits are so vast that today Salomon Brothers estimates that $10 billion of capital is in the hands of risk arbitrageurs, compared to only $10 million ten years ago.

Abritrageurs bridle, fairly, at the implication that they should be penalized for being smarter and more aggressive than a competitor in gaining corporate intelligence. They worry, fairly, that critics will lump the skilled hunch-player with the inside trader, and that in seeking to police Wall Street traders the Securities and Exchange Commission might inadvertently strangle initiative. But only a fool would believe that many risk arbitrageurs don't seek, and gain, inside information unavailable to other shareholders.

Laurence Tisch, currently the acting CEO of CBS and one of this generation's preeminent investors, says he doesn't believe the barrel is rotten. But he does believe too many people on Wall Street are preoccupied with "getting that little extra edge." Arbitrageurs, he says, "strive to get information that is not public. They keep calling companies and try to pick up little bits of information. It is not illegal. But it gets awfully close.... Little shareholders don't have the same edge. It becomes more and more difficult to separate the legal from the illegal."

The issue here is broader than just risk arbitrage. It is the value system of Wall Street, a deregulated, in-bred community where high overheads and abundant opportunities for wealth propel investment bankers to generate ever more information, more fees, more short-term speculation. The resulting frenzy erodes long-term loyalties—to clients, to stocks, and even to firms, which is a major reason so many private Wall Street partnerships have been sold. Stock prices gyrate so wildly because the market is now ruled by impatient speculators rather than long term investors. Patience, a private virtue, becomes the first casualty. Faculty members at our leading business schools complain that many of their students are foresaking careers in corporate America, with up to half of them preferring the

Wall Street's professions of hurt innocence are disingenuous. Only a fool would believe that many risk arbitrageurs don't seek, and gain, inside information unavailable to other shareholders.

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Dennis Levine is a by-product of Wall Street's value system, just as surely as Michael Deaver was influenced by what he thought normal in Washington.

quicker upward trajectory offered by investment banking and consulting. Fewer students demonstrate the patience to serve apprenticeships. Many can't wait to get rich.

In a community unrestrained by patience or tradition, everything becomes a *deal*. Bankers are scored by how many deals they bring in. The fees and bonuses are elephantine, which helps explain the rush, these past few years, of so many unproductive mergers, of so many risky junk-bond deals, of so much choking debt exchanged for equity. Instead of serving as wise counselors who think of the long-term interests of the companies, investment bankers increasingly think only of the quick score.

And these values come from the top down, not the bottom up. The yuppies are, in most cases, impressionable junior associates, who often derive their values, their do's and don'ts, from elder role models. We are dealing not just with a corruption problem, but also with a conformity problem.

In other contexts, we're beginning to comprehend the impact of peer group pressure. We understand that teenagers drop out of school or have babies in part because of peer pressures that say *It's OK*. We know that some ghetto kids are, indeed, victims of unemployment or an indifferent or bad government, but that some are also victims of a bad culture. Why, then, should we be surprised that people on Wall Street conform to prevailing values?

It is quite an eye-opener to ask investment bankers what they wouldn't do—what "deal" would you refuse to participate in? While reporting a book on Wall Street, I regularly asked that question and was stunned at how little thought many senior Wall Street executives gave to it. Usually, the question was greeted by a pained silence. And then you could hear the rusty parts of their brains clank like the Tin Man in *The Wizard of Oz* as they declared: "I wouldn't do business with the mafia," or "I wouldn't do business with a bad credit risk." Obviously, thriving Wall Street has devoted too little time to saying "no" or to pondering limits. Seeing themselves as part of a service business, investment bankers have adopted the self-concept of lawyers who make no moral judgments and excuse themselves by proclaiming that everyone has a right to a trial.

Dennis Levine is a by-product of Wall Streets' lax value system, just as surely as Michael Deaver was influenced by what he thought normal in Washington and Janet Cooke was a by-product of the relaxed standards of the new journalism. The people who run Wall Street and the reporters who buy their excuses, in talking only about a few bad apples are leaving the whole barrel to rot.

They seem not to know what a bagel is. ■

Answers. Contacts. Background.

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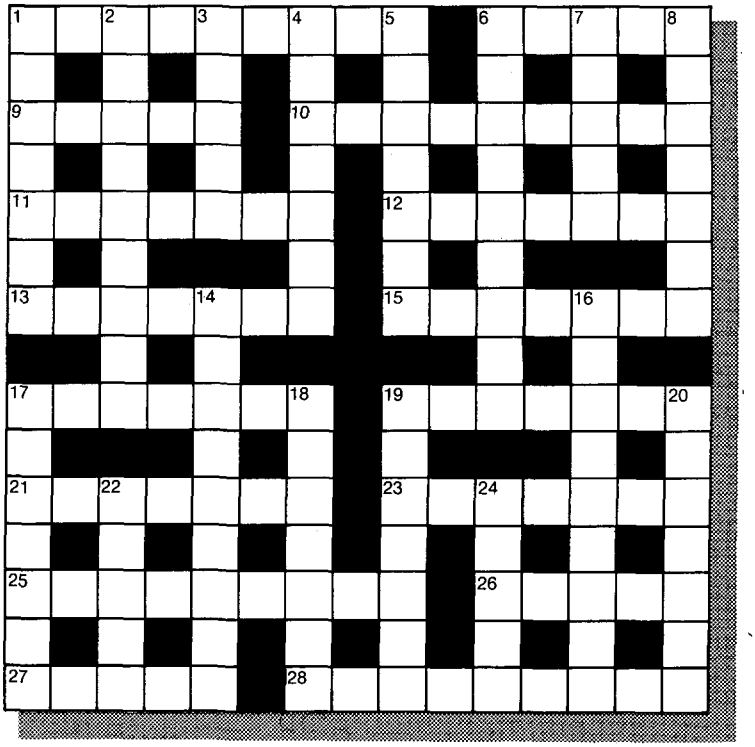
POLITICAL PUZZLE

by John Barclay

The numbers indicate the number of letters and words, e.g., (2, 3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word.



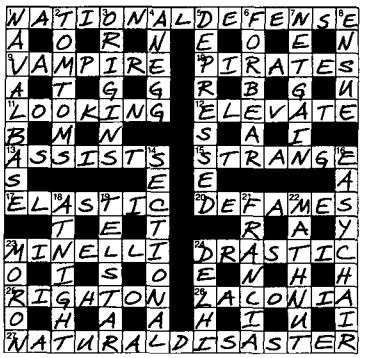
ACROSS

1. Key jar broken before Vikings start meeting. (9)
6. Botched task about fifty meetings. (5)
9. A crime when sonar is wrecked. (5)
10. Confused directors are those in line for payment. (9)
11. Fancy space creature absorbs turned angle. (7)
12. Los Angeles science in the manner of an opera house. (2, 5)
13. Makes unhappy without French, without Ike. (7)
15. Ensign brings van back. Many upset! (4, 3)
17. Railway sends off martini trait. (7)
19. Mysterious South Carolina chart mark. (7)
21. PAC tail wags adjective describing... (7)
23. ...crime of crazy senator. (7)
25. A Mali trip arranged for nobody. (9)
26. Most proper post. (5)
27. Unraveled Lisa's useful plant. (5)
28. Leading Russian composer in bloody mess before five. (9)

DOWN

1. These nomads strained sore arm. (7)
2. Steady rye mixture for time past. (9)
3. After January 1, addled aunt forms leaders' group. (5)
4. At caves, compound goes off. (7)
5. Red leadership upset milker before end of season. (7)
6. Makes awkward Atlantic crossings? (5, 4)
7. She is alone when stirred up. (5)
8. Continue blemish about this country. (7)
14. College which has never had an athletic program. (9)
16. Joins closely around white mast. (5, 4)
17. Lies about dies, etc. (7)
18. Advertising mixed-up single around 50. (7)
19. Pioneer let rest work. (7)
20. Leader manufactured hydrogen-mixed vinery. (5, 2)
22. Almost oppose misdirected church leaders. (5)
24. Physical problem detected in Swede making history. (5)

Answers to last month's puzzle:



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Norman Ornstein and Cokie Roberts. *Photo: Kitry Krause.*

THE KING OF QUOTES

WHY THE PRESS IS ADDICTED TO NORMAN ORNSTEIN

by Steven Waldman

A day in the life of the King of Quotes begins as it should: in the make-up room. Mild-mannered Norman Ornstein sits patiently and just a bit anxiously as a producer pats powder onto his cheeks and under his eyes. 8 a.m., ten minutes until air time.

He walks onto the set of CBS "Morning News," on which he has a regular political discussion with Cokie Roberts of National Public Radio. The host, Charlie Rose, greets them from a TV monitor, noting thankfully how little he has to coach his two guests. "You two make this so easy for me. It's like breathing for you."

They're on, and after five minutes of chit-chat about the Senate elections, the segment is over. But Norman Ornstein's day as one of the most quoted people in Washington is just beginning. An hour later he is off to the Brookings Institution to give a speech to visiting business executives. They listen politely as he offers brief analyses of Senate elections, congressional performance, the summit, and tax reform, and urges responsible leadership to cure the deficit. The polite attention shifts to excitement, with several people literally moving to the edge of their chairs, when Ornstein, a frequent guest on "Nightline," tells them what Ted Koppel is really like. "I hold him in awe," he says, to their delight.

Back to his office at the American Enterprise Institute in downtown Washington. In the hour Ornstein has been gone, ten people have called, including reporters and producers from Westinghouse Television, *The Christian Science Monitor*, the Swedish Broadcasting Network, and *Aviation Week*. In the next hour he is interrupted by calls from the Chronicle Broadcasting network and WFAA, the ABC affiliate in Dallas.

At noon he dashes down the hallway to a nearby conference room, where he does a sit-down interview assessing Congress's performance. "What grade would you give them?" asks a reporter from Westinghouse. "A 'B'. . . . It surprises me that we got as much done as we did," says Ornstein.

Ten minutes later, he's down the elevator and out in front of the building to do a stand-up interview. A half hour later, a different crew is there for another. Passersby stop and gaze at the

Steven Waldman is an editor of The Washington Monthly.

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celebrity.

Monday morning has finally ended for Norman J. Ornstein, political scientist.

Like a narcotic

Norman Ornstein is officially a resident scholar at the American Enterprise Institute. Unofficially, he is the number-one professional analyst of Congress and, increasingly, of Washington in general. He has appeared about ten times on "Nightline" and 30 times on "The MacNeil/Lehrer News Hour" in addition to frequent appearances on the CBS "Morning News," National Public Radio, and NBC's "Today Show." He's quoted in publications ranging from *Sport* to *Ladies Home Journal* to *The Wall Street Journal*. In the past year he was quoted more than 300 times by major print news organizations and at least as often by smaller newspapers—a level of visibility that would make many a U.S. senator envious.

Journalists have been known to go to great lengths to talk to Ornstein. "Nightline" producers who were preparing a show on tax reform last May discovered to their horror that Ornstein was in Bermuda. They tracked him down and set up a special satellite hook-up. "He is certainly accorded royal status," says Tara Sonenshine, a "Nightline" producer. "We wanted him bad and were willing to go to Bermuda to get him."

Los Angeles Times political reporters had been quoting him so often that editors out West last year tried to impose an Ornstein moratorium. "The editors said there must be someone else in town you could quote," recalls Robert Shogan, national political correspondent at the *Times* and a regular Ornstein user.

Reporters speak of Ornstein quotes almost as if they were a narcotic. "You get hooked," says Helen Dewar, Capitol Hill correspondent for *The Washington Post* and a longtime Ornstein addict. "Sometimes I'd go in circles trying not to quote him, and then I'd get to writing and there would be that Norman Ornstein quote that just summed it up and I just had to use it."

It is not readily apparent how this bright but seemingly unremarkable man became the main voice in the media expressing expert opinion and analysis about American politics and government. Although a few TV producers point out that he is "cute," his is a rather ordinary cuteness. While he is considered a well-polished TV commentator, he still conveys a slight nervousness. When he is introduced on CBS "Morning News," his smile is sudden and tight, as if someone just asked him to say "cheese." He is articulate, but his prose doesn't ignite. Obviously, there is more here than meets the camera lens; Norman Ornstein is a phenomenon. His importance tells much about political journalism, how it has changed and what its limitations are.

The punchy entrepreneur

When isolated and dissected, the Ornstein quote does not seem particularly impressive. Its beauty, say many reporters, lies in part in its simplicity. It is often a straightforward, bold, declarative statement. "Norm has learned how to give the unconditional quote," says Garrison Nelson, a professor of political science at the University of Vermont and the Norman Ornstein of that state. "Most academics are so fearful of being wrong that they pile on qualifications until the quotes lose their verbal stamina."

Ornstein's quotes are punchy. On the dreary subject of budget policy, Ornstein told the *American Banker*, "The president's 1984 budget was deemed dead on arrival. The 1985 budget was dead before arrival. And the 1986 budget is dead before drafting." He told *Financial Times* that "Congress and the President have handcuffed themselves to one another and jumped off the cliff without knowing whether they will land on a plump mattress or a bed of nails." In a *Wall Street Journal* article on congressional oversight hearings, Ornstein said, "The watchdog phenomenon can have its political payoffs, especially if you can combine oversight with

"Frankly, sometimes I end up using him because he distilled the point I've been trying to make all along," says *The Washington Post*'s Helen Dewar.

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There are a lot of other political scientists out there who have a staggering understanding of Congress, and there are plenty who are brighter than I am, but they're not around," he says.

something sexy like $600 toilet seats or drug-using terrorists who abuse children." And on April 7, 1986, Ornstein's remark on efforts to trace Ferdinand Marcos's fortune— "This is going to be one of the biggest boons to American law firms we've seen in a long time" —was *USA Today*'s "Quote of the Day."

Just as important, the quotes are there when you need them. He is known as one of the fastest phone call-returners in town and has a knack for sensing what the reporter is looking for and getting right to it. "He is an astute observer of Congress and has an uncanny ability to take a very complicated subject and make it interesting and understandable," explains Peggy Robinson, senior political producer at "MacNeil/Lehrer." "He is," she concludes, "the master of the pithy quote."

That's part of it. But one cannot rise to become, in Garrison Nelson's phrase, "The King of Quotes" simply by being glib. Ornstein's rise has come about mostly because of fundamental changes in political science, politics, and reporting.

In 1972, when Norman Ornstein came to town as an assistant professor at Catholic University, political scientists in Washington were not plugged into the day-to-day events in politics. They either did laborious studies of the government or abstract theoretical research that could have been done in Washington state as easily as in Washington D.C. But the opportunity existed to try a different kind of political science. Congress was becoming a more open institution, more accommodating to study by outsiders.

Meanwhile, in part because of an increasing recognition that the public was getting its day-to-day news from television, print reporters began practicing more interpretive journalism. Editors started to ask for a what-does-it-all-mean paragraph along with who, what, where, and when. These forces combined to create a tremendous need for someone who could act as a bridge between political journalists and political science—someone who could provide an element of depth, or at least create the illusion of depth, in journalism. Enter Norman Ornstein. "Norm carved out a whole new role," says Alan Ehrenhalt, political editor of *Congressional Quarterly*. "Before him there was a void.... He's been a very good entrepreneur."

Fingering power

Ornstein was born in Grand Rapids, Minnesota in 1948, but spent most of his childhood in Canada. His father was a traveling salesman specializing in women's clothing, his mother was a housewife, and he was a child prodigy. He graduated from high school at age 14, from college at 18. By 19 he had a master's degree; by 24 his doctorate. His high-school yearbook said, "Our avid debater seems to think Canada should be the 51st state," and added, "Ambition: to prove his point."

In 1964 he went to the University of Minnesota in Minneapolis, starting out as a pre-med but switching to a social science major. He went on to graduate school in political science at the University of Michigan. Although Michigan's political science department is a center of the quantitative approach to political science, Ornstein infused his work with what is known in the discipline as "participant observation." He spent a year as an American Political Science Association Congressional Fellow, working on Capitol Hill for Rep. Donald Fraser of Minnesota.

Soon after the completion of his dissertation, in which he studied the relationship between the size of Senate staffs and issue specialization, he was weighing teaching offers at two schools, the University of Minnesota and Catholic University in Washington. The University of Minnesota position fell through, so he went to Catholic University. The traditional road of an aspiring political scientist was to teach at a Big Ten or Ivy League school. Ornstein, through no choice of his own, was going to a little-known and little-respected school. That decision turned out to be pivotal. "When I got here I realized I had a terrific opportunity," Ornstein says. "I realized there were very few political scientists interested in

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Congress based in Washington. As soon as I got here it was clear I was going to be like a kid in a candy store," Ornstein recalls. "There were things that I could do with one finger of my left hand that it would take others an enormous effort to do." Professors from out of town would have to set aside a month to visit Washington, find an apartment, get a grant, and then struggle to get ten minutes with an impatient congressman. Then they would go home and write an academic paper that might be published a year later. It was impossible for them to stay on top of current legislative trends.

Ornstein on the other hand, could be patient, setting up interviews throughout the year. Over time he built up contacts and friendships among members and aides; he now has access to virtually any member of Congress. "There are a lot of other political scientists out there who have a staggering understanding of Congress, and there are plenty who are brighter than I am, but they're not around," he says.

Supermarket celebrity

Ornstein's involvement with the press began rather inauspiciously in 1973. "I was sitting in a laundromat near Capitol Hill waiting for my clothes to dry," he recalls. He had just finished reading a new book about former Harlem Rep. Adam Clayton Powell. "On an impulse I scribbled out a book review and sent it to *The* Washington Post's 'Book World.' The *Post* liked it so much that they published it on the front page of the Style section. "That whetted my appetite for writing for newspapers. I began to think, 'why can't I be doing writing with more appeal?' "

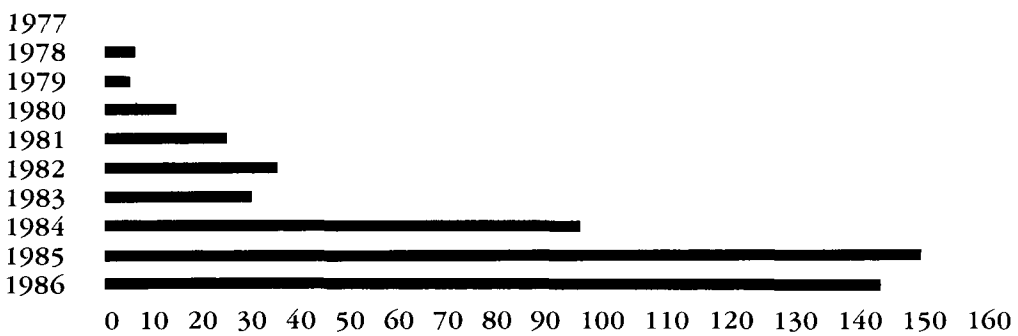
Soon he was writing more book reviews and op-ed pieces. Then he became more deeply involved in the broadcast media and in hands-on legislating. He provided commentary for PBS on Nelson Rockefeller's vice presidential confirmation hearings in 1974. In 1976 he began appearing on the "MacNeil Report," the forerunner of "MacNeil/Lehrer." The next year he served as committee staff director of the Senate Temporary Select Committee to Study the Senate Committee System.

In 1981 he became the political editor of "The Lawmakers," a public TV show on Congress, and in 1983 became the series editor of "Congress: We the People," a 26-part telecourse that he credits with helping him learn how to deal with the broadcast media. "I did editing, I interviewed, I wrote scripts. I had to try to fit sound bites into the script," he says. "You'd have some person son who couldn't make eye contact and someone who couldn't answer a question in less than 72 sentences. I spent hours trying to get something I could use." In much the same way that writing 750 word op-ed pieces made him sensitive to the constraints of print reporters, this experience taught him about the needs of TV and radio journalists.

In 1983, Ornstein, along with several other political scientists, resigned from the Catholic University faculty in protest over the treatment of a political scientist who they felt was denied tenure for political reasons and because she was a woman. The move to the American Enterprise Institute, whose corporate sponsors value high-impact, public affairs commentators, increased his visibility and allowed him to spend more time making himself known. With each appearance on "MacNeil/Lehrer," each quotation in a newspaper and each article he published (more than 130 since 1972, including two in *The Washington Monthly*), his recognition grew.

Is Ornstein a media hound? Really, he's more

NORMAN ORNSTEIN QUOTE PRODUCTION OVER TIME*



*Source: Nexus. Includes only citations by major news organizations, so figures underestimate total quote output.

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Even when Ornstein's quotes don't really add anything to the piece, reporters feel they give the story more credibility. The result is that his quotes are often less glimmers of insight than statements of the obvious.

of a houndee, but then again he just doesn't know how to say no. "I don't know why I do those," he says referring to interviews with smaller media outlets. "I just wouldn't feel right about myself if I told ABC, CBS, and NBC to come and told the little stations no."

Part of it is that there is still the teacher in him. Ornstein delights in showing around reporters, particularly newer ones, giving them his theories, and helping break them in. Finally, part of it—although he insists it's a small part—is that Ornstein simply enjoys being famous. Women come up to him in supermarkets, his kids get to see papa on the same station as Mr. Rogers (although he says that since they got a video camera of their own "they've become pretty blase") and he now earns about $80,000 a year, more than a quarter of that from speaking fees. The $3,000 he can command for a speech is a pittance compared to what George Will or Henry Kissinger take in, but quite a bit more than your average teacher of government. He also has control over his own schedule, can say whatever he wants to whomever he wants, and gets immediate responses to what he's written. "There's something very nice about that," he says.

Fleet Owner source

Part of what Ornstein does for the press is apply the basics of history and political science to current events. When the *Los Angeles Times* last year profiled Texas Sen. Phil Gramm, Ornstein explained why such a junior member could have an impact that he couldn't have had in the days of Sam Rayburn. "You now have an open and fluid enough institution, especially given the media coverage, that the individual who sets himself out as a kind of rebel can get a lot of attention." In a piece for *The Washington Times* on Reagan, Ornstein gave a short summary of the theory of incrementalism: "We don't measure American politics by huge gains. It changes in the margins. The successful president is one who can make those changes look like significant victories, and shape them a little bit so that they move his way." And hardly a week goes by without Ornstein defending the slow-moving government by pointing out that "the Founding Fathers designed the political system to prevent dramatic change."

But Ornstein expounds on not just the intricacies of congressional process but on just about any topic. He talked to *Sport* magazine about regulation of the NFL, to *Aviation Week* and *Space Technology* about Gramm-Rudman's effect on the defense budget, to *Fleet Owner* about labor policy, and to the *New York Post* about unstable presidents. He gave his thoughts on abortion to *Ladies Home Journal*, on TV and politics to *Video Review*, and on the farm bill to the *California-Arizona Farm Press*. He talked about Rep. Jim Jones to the *Tulsa World*, about Rep. Lynn Martin to *The Washington Post*, and about Tip O'Neill to the *Fort Wayne News-Sentinel*.

Ornstein gets his information by reading *The New York Times*, *The Washington Post*, *The Wall Street Journal* and *The Washington Times* every day, and the *Almanac of American Politics* periodically. He also milks the reporters who call him and tries to go to Capitol Hill twice a week. "I have to work at it. There's a real danger in coasting," he says.

While some journalists just call for the ten second sound bite, others will talk to Ornstein at great length on background, to test out hypotheses, learn some history, even get some reading recommended. "I just trust his judgment," says Robert Shogan of the *Los Angeles Times*. "If I was going to buy a used car I'd call him. I like to talk to him."

The best shortcut

Unfortunately, Norman Ornstein is not merely a resource; he is a prop, and sometimes a crutch, for political reporters.

In some cases, he simply provides journalists

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It has gotten to the point that the "conventional wisdom," that amorphous consensus of opinions held by respectable powers-that-be, is not so amorphous after all. It is what Norman Ornstein is thinking.

with a way of circumventing the constraints of traditional reporting; if you can't state an opinion yourself, you can use a Norman Ornstein quote. "Frankly, sometimes I end up using him because he distilled the point I've been trying to make all along," says *The Washington Post*'s Helen Dewar. When reporters think they know something but aren't sure or haven't found enough evidence to prove it, they can go to Ornstein. "If my instinct might tell me that it's 50-50 then I can use Norman Ornstein" to state it more definitively, says Jon Shure, a reporter with the *Bergen Record* of New Jersey.

Sometimes Ornstein tells reporters little more than they already know or than they could find out by talking to a colleague. "I think very highly of Norman Ornstein. By the same token I don't think he knows any more than any good political reporter," says John Barry of *Dun's Business Month*. But, as Shure says, "It doesn't look good to quote another reporter. It looks like you're not doing your legwork."

Even when Ornstein's quotes don't really add anything to the piece, reporters feel they give the story more credibility. The result is that his quotes often are less glimmers of insight than statements of the obvious. "Lobbying is as old as the Republic, if not older," Ornstein told *People*. "You can be sure that if we go into the 1986 elections and farmers believe the Republican party has turned its back on them, they will vote accordingly," he said in the *Los Angeles Times*.

The first paragraph of a *Fortune* article by Craig C. Carter included the sentence: " '[Rep. Jim] Wright is way out in front in the race for Speaker,' says Norman Ornstein, a veteran Congress watcher at the American Enterprise Institute." Carter admits he and everyone else in Washington knew Wright was ahead, but says the Ornstein quote "gave credibility to my own judgment. Ornstein is seen as being an authority." Just last month, *The Washington Monthly* quoted Ornstein three times in a cover story on Sen. Albert Gore.

There may come a time when Ornstein is quoted so often that newspapers will be too embarrassed to quote the same person every other publication uses. But so far, the more Ornstein gets quoted, the more of an authority he becomes.

Ornstein says that reporters will often interview him at great length but then quote only his most inane comments. In addition, Ornstein says he does not tailor his opinions to fit the point of the story. The titles given him, however, have often proven to be quite flexible. He has been labeled an "economist" in *New York Times* stories about tax reform, an expert on "congressional-White House relations" in a *Boston Globe* article on presidential leadership, and simply a "political pundit" in an *American Banker* article on the Senate elections. "Nightline" has described him as a "congressional scholar" for a show about the Senate, "political scientist" for a show on the politics of presidential cancer, and a "tax policy expert" for a show on tax reform.

Ornstein has become so established as an expert that journalists will quote him on anything, even when it's beyond his area of expertise. *The Christian Science Monitor* quoted Ornstein about the direction Edwin Meese was likely to take at the Justice Department when he became attorney general. A 1986 editorial in the *Journal of Commerce* quoted "economist" Norman Ornstein as saying an oil import fee is "the least compelling" tax that Congress was considering. *The Grand Fork Farm and Home* of North Dakota printed a story from Combined Commodity News Services with the headline, "Congress won't make severe farm cuts." The source: Norman Ornstein, who "said last week that the 1985 farm bill would include reductions in price supports that are more than token but less than severe." In an article in *Sport* magazine about Sen. John Warner's serving on the board of directors of the Washington Redskins, Ornstein said it "doesn't sound advisable to me" that Warner should resign or abs-

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tain during a vote affecting sports franchises.

In part, the constraints of daily journalism necessitate reliance on an outside expert. Craig Carter didn't have time to talk to enough members of Congress to make an independent judgment on the speaker's race. And certainly a *New York Times* reporter will not be allowed to state his or her opinion about who is going to win a race. In addition, though, there are journalists who rely on Norman Ornstein because they are intellectually insecure. They are afraid to make judgments on their own because they aren't able themselves to put daily events into context, and because they could be wrong; it's better if, instead, it's Norman Ornstein who's wrong.

Many Washington journalists feel more comfortable with politics than government. Campaign reporters tend to focus on the horse race without evaluating policies and issues; congressional reporters too often concentrate on whether the bill will pass, not what it would do. All the more reason that Norman Ornstein is a star. He is a process man in a town obsessed with the process.

Ornstein is careful that he be seen as not just well-informed, but non-partisan. When pressed he says he is a moderate Democrat, but only when pressed. "I want to keep them guessing," he says. He gave Reagan an A- grade for his first year, but has sharply criticized Donald Regan. He has praised Republican Robert Dole and Democrat Mario Cuomo. He has favorite and least favorite legislators but will rarely give a one-sided assessment. "I don't want to be known as a professional nay-sayer."

This attitude is crucial for maintaining his standing as a detached, and therefore credible, observer. "We use him as a one-person truth squad," says Peggy Robinson of "MacNeil/Lehrer." "He can sit back and provide analysis, and, most important, he is a non-partisan voice." Most of his analysis is decidedly mainstream, and it is to his advantage that the American Enterprise Institute is considered ideologically in between the conservative Heritage Foundation and the liberal Brookings Institution. Reporters will often go to a conservative for one side of an issue and a liberal for the other, and then to Ornstein as the final authority. In every way—the centrism, the non-partisanship, the respectability, the quick reaction time—Ornstein answers a deep, anthropological need of the Washington press. He answers it so fully as to have created a stampede that must seem very odd to outsiders. It has gotten to the point that the

THE WASHINGTON MONTHLY

Journalism Award

for September 1986 is presented to

Patrick E. Tyler
The Washington Post

Tyler combines the skills of historian and journalist to show how the Navy under the late Admiral Hyman Rickover sacrificed the ability of its 688-class nuclear attack submarine to dive deep to avoid detection and enemy fire in a failed attempt to match the speed of Soviet subs. He describes how General Dynamics Chairman David Lewis, cowed by Rickover's power and dazzled by the prospect of winning the lion's share of a massive submarine procurement contract, purposely slashed cost projections and then blamed the Navy for the inevitable cost overruns. Tyler also describes the power struggles between Lewis, the Navy, and Congress that ultimately resulted in the government picking up the tab for General Dynamics's mistakes.

The Monthly Journalism Award is presented each month to the best newspaper, magazine, television, or radio story (or series of stories) on our political system. Nominations for any newspaper, magazine, or radio or television station in the country are welcome. The subject can be government in its federal, state, or municipal manifestation.

The award for stories published or aired in October will be announced in the February issue. Nominations will close December 15. Nominations should be accompanied by two copies of the story or stories.

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"conventional wisdom," that amorphous consensus of opinions held by respectable powers-that-be, is not so amorphous after all. It is what Norman Ornstein is thinking.

Ornstein gathers information from reporters, legislators and opinion makers, digests it and then, through his middle-of-the-road, process-oriented prism, reflects it out in a fine beam of light onto "MacNeil/Lehrer." Ornstein predicted radical tax reform wouldn't pass, and wasn't that the conventional wisdom? He also predicted in 1980 that the Democrats would lose only four to five Senate seats (they lost 12) and that they would gain two to six seats in 1986 (they won 8). That was the conventional wisdom, too. If it doesn't represent the popular consensus before he says it, it may become so if he's quoted enough. "He helps set the conventional wisdom," says John Barry. "Almost by definition he *is* conventional wisdom."

Mr. Comment

Ornstein's fame has given him a somewhat awkward position in the political science community. He is read and heard by more people than any other political scientist. Others in the profession respect him for providing a bridge between them and journalists. He doesn't speak the language of political science, but he understands it. Indeed, Ornstein has typified and, in some ways, spurred a change in the field. There is now a growing group of other people in town serving the same function as Ornstein, though without as much recognition. At AEI alone, Allen Schick explains the budget process, William Schneider talks about national politics, Michael Robinson discusses politics and the media, Michael Malbin talks about interest groups and lobbying, and Ben Wattenberg pontificates about the media. Reporters also call congressional experts Stephen Smith and Stephen Hess at Brookings, Roger Davidson at the Congressional Research Service, and Robert Peabody at Johns Hopkins, the veteran of the group. Journalists looking for an expert's view now have quite a few who will be perfectly willing and eager to return their calls and pronounce judgment.

Ornstein has, in fact, helped make expertise a growth industry in Washington. AEI survives on financial contributions; having Norman Ornstein popping up on television or in reputable newspapers is financially prudent. The AEI public affairs office's compilation of news clips, which is often used to demonstrate the activity of the think tank, is often dominated by Ornstein clips. He is important to AEI "from the point of view of the clout this organization has and the ability to educate the public," says Patrick Ford, vice president for development and public affairs. "He's not here only to speak to the media, but then again that's an important role of a scholar here...to educate the public."

But Ornstein has never written a major academic work, which is a prerequisite to being taken seriously in the academic world. Stephen Hess of Brookings says some other political scientists don't consider Ornstein a leading light in the profession. "They will increasingly speak of popularizers in humorous ways; they lose their solemnity" when they talk about Ornstein and company, Hess says. An admirer of Ornstein's abilities and the role he plays in Washington, Hess warns that he may be quoting himself into a corner. "I think Norm is a good political scientist—a very perceptive person," he says. "If he chooses to continue to be a 'serious' political scientist then he'll have to do things 'serious' political scientists do." Right now his media appearances make him the source of envy, Hess says, but in the long run, "if Norm wanted an appointment at an Ivy League school it would be difficult if he didn't refurbish his image by writing a book."

Ornstein does try to maintain his contacts in the professional community and is active in the American Political Science Association. But he quite simply doesn't have time to write books. Besides, he seems to be having too much fun to stop what he's doing.

Indeed, it has gotten to the point that Ornstein has become such an institution in Washington that quoting him has become a sort of rite of passage for young reporters, the signal that they finally have become a genuine Washington insider.

Jo-Ann Moriarty, a reporter at States News Service, is one of the most recent to learn the importance of Norman Ornstein. She had been in town just six months and was working on a profile of Rep. James Broyhill. "Someone here said did you talk to Norm?" recalls Moriarty. "I was embarrassed because I didn't know who he was. Everyone said, 'He's Mr. Congressional Comment.' " So she called him. "He was so willing to talk to me. He called me right back." Ornstein contrasted Broyhill's political tactics with fellow-North Carolinian Jesse Helms and gave her a few pithy one-liners that she used. "I felt like an idiot for not having known to call him. The fact that I got him made me feel like I was finally learning my way around," she says. "I just hadn't realized he was a big cheese." ■

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Lessons from the right-wing emergence

TAKING CONSERVATIVES SERIOUSLY

by Jonathan Rowe

Suddenly, Star Wars is an industrial policy. "It could open whole new fields of technology and industry, providing jobs for thousands right here in Colorado," President Reagan told a Republican campaign rally in that state before the election.

In Massachusetts, the anti-abortion people have become Naderites. "I think government should regulate industries, not contribute to them," says a plaintive housewife type in an ad for Question 1, a failed ballot initiative that would have enabled the state legislatuure to cut off funds for abortion, among other things.

To the press, the Reagan ascendancy has been a triumph of "conservatism." But government jobs programs and interference in an industry for which there is a market demand, are hardly "conservative" as that term is normally defined. Nor is an adventurous foreign policy, or an effort to "stimulate" growth by manipulating the levers of tax and monetary policy in Washington. As Sidney Blumenthal points out in his new book, *The Rise of the Counter-Establishment*,* Reagan conservatism is really a form of "shadow-liberalism." It arose in a conscious reaction to liberals and "requires liberalism for its meaning." It has less—almost nothing, in fact—to do with conserving the best of what is past, than with trying to eradicate every evidence of liberalism in our present.

The Counter Establishment is the loose network of scholars, publicists, and think tanks that set out to stymie their liberal counterparts. Liberals had labor PACs? Then we'll have business and ideological ones. The libs had Common Cause? We'll start Citizens' Choice. The liberal public interest movement found its shadow in organizations such as Jim Watt's Mountain States Legal Foundation, which defined the common good as the right of individuals to maximize their personal gain. For Brookings there was the Heritage Foundation, for *The Washington Post* there was the *Washington Times*. Even conservatives' book titles had a shadow quality. *Wealth and Poverty*, George Gilder's paean to the free marketplace, was a play on *Progress and Poverty*, Henry George's late 19th century tract against land speculators and on behalf of a tax system to bring them down.

Sidney Blumenthal is a *Washington Post* reporter who has covered the rise of the Counter Establishment for that newspaper and for *The New Republic*. Partisans on the Right will say that a left-winger has done a journalistic number on them. In part they will be right, though it is an intelligent and well-informed number. But Blumenthal has at least taken the Counter Establishment seriously. This in itself is progress.

For years, journalists of moderate to liberal views took comfort in portraying right-wingers as mentally imbalanced people obsessed with flouridation and the Connally Amendment, who saw communism in the school lunch program and the U.N. A whole generation of college students studied such books as Richard Hofstadter's *The American Political Tradition*, which looked with condescension upon the unwashed on the fringes. Hofstadter portrayed William Jennings Bryan, the populist presidential candidate, for example, as a coarse and sweaty provincial whose leading characteristic was his "torpor" of mind, that six years at a hick college had done "nothing to awaken."

Such views made the animus of the populist right and its cohorts easy for liberals to dismiss. And history seemed to be on their side. A Right destined to prevail would have come up with something better than the Goldwater campaign; a Sunbelt reaction that was really going to happen wouldn't have run aground on Watergate. Through the Sixties and Seventies, respectable

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**The Rise of the Counter-Establishment; From Conservative Ideology to Political Power.* Sidney Blumenthal. *Times Books, $19.95.*

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opinion held such "progressive" Republican politicians as Charles Percy, William Scranton, George Romney and Nelson Rockefeller to be the future of the party. Rockefeller was the national personification of "new ideas." George Gilder, who was a Rockefeller speechwriter and a leader of the Ripon Society, co-authored a postmortem of the Goldwater campaign entitled *The Party That Lost Its Head*. In this he called a recently elected governor named Ronald Reagan the "Party's hope to usurp reality with the fading world of the Class B movie."

The effort to consign the Right to the Journalistic Fringes continues to this day. "Governors May Pull GOP to Middle" was the headline—part fact, part hope—of a story by David Broder that appeared on the front page of *The Washington Post* nine days before the November election.

One who did not dismiss the conservative reaction was Kevin Phillips, whose predictions in *The Emerging Republican Majority* have proven remarkably prescient. (Phillips even foresaw the political economy of Star Wars: "Defense is one of Southern California's leading industries, and employees of the vast Southwestern Military-Industrial Complex logically tend to support patriotism, pentagon, and paycheck.") Another was Theodore White. In *The Making of the President: 1964*, White compared the Goldwater campaign—respectfully—to the Bryan campaign of 1896, both for injecting new issues into the mainstream debate, and more, for tapping genuine angers and frustrations among the people.

Counter Establishment is not about the direct mail wizards and right-wing PAC-meisters who turned sundry discontents into a national political force. Being part of the electoral "horserace," that story has been amply covered elsewhere. Instead, Blumenthal examines the intellectuals and polemicists who fashioned the ideological forms into which the right-wing revolt has poured.

There are the conservative "Remnant," people like Frederich Von Hayen, the free-market fundamentalist; Whittaker Chambers, the repentent ex-communist, and William Buckley, who with his *National Review* led the Remnant out of obscurity. There are Milton Friedman, the supply siders, the neoconservatives such as Irving Kristol and Norman Podhoretz, the Counter Establishment think tanks such as the American Enterprise Institute and the Heritage Foundation, and not least Ronald Reagan, who "animated the intellectuals' theories with a resonant symbolism" and brought them to power with him.

There are no religious fundamentalists, which may reflect a proclivity on Blumenthal's part. There are virtually no women and blacks, which reflects a proclivity of the Counter Establishment.

Close followers of the intellectual scene may find little that is new in these pages. But those who, like myself, have never quite gotten around to Von Hayek, or who found Kristol and Podhoretz too argumentative and joyless for more than a passing acquaintance, will find Blumenthal's sketches genuinely illuminating. At his best, Blumenthal is something in very short supply today, a journalist of ideas. He combines a reporter's eye for a story—how Buckley established the *National Review*, how Wanniski et al connived to make supply side economics a central focus of the Reagan agenda—with the ability to put conservative ideas into historical and cultural context. He has actually done the kind of reading that I keep intending to do.

And Blumenthal can turn a nice phrase. Milton Friedman's major opus, *A Monetary History of the United States* is "a history of the United States as told by a dollar bill." Or this on the neocons: "Long after yippies became yuppies, many remained filled with a desire for vengeance, determined to wage the generational war. Totem and Taboo in reverse."

What is especially refreshing about Blumenthal is that he writes from outside the conventional liberal mind-set which has dominated Reagan criticism to date. The reader is spared the wearisome incantations that Reagan is Hoover reborn, for example (as Blumenthal points out, it was actually Jimmy Carter who played that role), or that he's just a front man for big business. Blumenthal has Mondale down cold. "The conservatives had built the Counter-Establishment as an elaboration of their shadow liberalism," he writes. "Their rationale might have been shaken if the Democrats had not nominated a candidate who neatly fit their preconceived notions. At this critical juncture, the Democrats seized upon an almost model figure to validate conservative ideology."

In an especially evocative chapter, Blumenthal gives Reagan his due, locating him firmly on the landscape of archetypal American myth. "What makes Reaganism genuine as a social creed is not that Reagan writes much of his own material," he writes, "but that many Americans could write it instinctively. He expresses widely shared feelings and beliefs." Reagan's Hollywood background provided an easy if ineffective target

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in his first campaigns. But Blumenthal notes the far more important fact that radio was the first medium that he mastered. With the ability to achieve intimacy from his first sentence, to inflect himself right into the living room of our minds, it is conceivable that Reagan could have sold the Democratic platform in 1980 or 1984, had he been so disposed.

This is not to suggest that the portraits here are favorable. Blumenthal's mission ultimately is to debunk, and no one emerges unscathed. He is not too small, however, to show grudging admiration where it is due. Milton Friedman emerges as a man of integrity and principle, even if his economics are a Newtonian fantasy with little connection to life. "Friedman has a rare combination of qualities," Blumenthal acknowledges. "He is both a first-rate publicist and a scholar. . . . His celebrity, moreover, never debased his thought."

The chapter on Friedman is an example of what is strongest about this book and also where it tends to stumble. Friedman grew up in a Jewish household that was not strictly observant, and he bristled at the gap between teaching and practice. "If you believed in it, you ought to do it right," he recalls. Eventually, as Blumenthal tells it, he transferred this absolutist tendency to the economic realm, "displacing" the faith of his fathers with the faith of Adam Smith. If the house wasn't going to be kosher, then at least the economy could be; the government and the economy must always be on separate plates.

Friedman's small town upbringing—he says he never experienced prejudice—set him apart from his intellectual peers from New York City, for whom Jewishness was an intensely social experience, and inclined them to a politics that was social as well. This, Blumenthal suggests, is Friedman's essential blind spot. "What he did not convey," he writes of *Monetary History*, "was a sense of business as a political force and how this might have translated into economic policy." And again, "Was the trouble with Friedman's economics precisely that it was merely economics and not political economy?"

On the plus side, Blumenthal admirably blends original reporting and informed analysis. On the minus, he has a tendency towards psychologizing that appears facile even if somewhat apt. He also has a habit of throwing elbows after the shot in the form of snotty little digs at the end of paragraphs. "To Friedman, Pinochet was like a graduate student. If he took instruction well, he was regarded well."

There is little admiration, grudging or otherwise, for Podhoretz, Kristol, and the other neoconservatives. "The neo-Cons are sufferers from multiple forms of alienation: personal, professional, and political," Blumenthal writes; again a bit quick to psychologize, but again essentially on the mark. "The neo-Cons success was failure. They had done everything right, and everything came out wrong."

What they had done right was climb the academic and intellectual ladders in New York. Then, just as they were reaching the top, the youth of the sixties were no longer showing respect for their rebels. The nomination of McGovern put the Democratic party into the hands of these same naive upstarts who had no memory of the Stalinist purges and who dared call Kristol et al, who had been tested in the ideological ferver of the thirties, irrrelevant. "At the moment of their arrival at their properly tenured stations, when they believed they had earned deference to their accumulated wisdom, hoardes of longhairs screamed that they belonged in the dustbin of history."

Not knowing Kristol and the others, I can't say how true this is, but it certainly squares with their polemical style, which seethes with resentment and hurt. "The denunciation, in fact, remains their favorite mode of expression," Blumenthal notes. "Mean, personal, and vindictive." I found especially instructive the account of Kristol's experience in the Trotskyite groups at City University of New York in the thirties, where he became expert at attacking liberals from the left and thereby learned all their soft spots. "It was great training in polemics and sustained political analysis," Kristol told Blumenthal. I had always marveled at the ability of the neoconservatives to change the subject, so that a discussion of, say, the military dictatorship in Chile always seemed to become one of Castro, or the Soviet troops in Afghanistan. Now I think I understand.

While *Counter-Establishment* is impressive critique, in the end it does not go much beyond that. If you are a Democratic speechwriter looking for lines, or even the makings of lines that will play in the American Legion halls, you won't find them here. That's not the audience Blumenthal is addressing.

Blumenthal has a tendency to look down on Reagan's Norman Rockwell vision, his "images of idyllic small-town life, enterprising entrepreneurs, whose success derives from moral character, and failure is induced only by federal bureaucrats." Actually, as civic myths go, the small town one is hardly the worst that can be imagined. It is more benign certainly than Aryan

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supremacy, worker utopias, or many others that have possessed people at various times. Most of what is worthy of proposing as an alternative to Reagan, moreover, can be cast in terms of the same small town myth. Neighbors don't dump harmful chemicals in one another's yards. Archetypal small communities take care of their elderly and needy. They support local businesses that provide jobs. They strive to be self-reliant rather than dependent upon distant producers and debt-heavy nuclear power plants. And so on down the line. Those who challenge Reaganism have at least as much claim to its symbols as the Reaganites themselves. Rather than sniffing at Reagan's archetype, Democrats and others of like impulse might well study how to employ it. The same goes for questions of religion.

If Blumenthal is hard on the small town myth, he is even harder on Reagan's appeals to such qualities as simple faith to help bring the country out of its economic slump. This is a tempting view, in that Reaganism offers tax cuts for the wealthy and faith for everyone else. But the underlying appeal is not to be dismissed.

Blumenthal's point of reference is a sociologist by the name of Festinger, whom he uses to portray Reagan's "will to believe" as a kind of social neurosis. But for most people, the broad currents of hope and faith run deeper, and are more compelling than the views of people like Festinger. Nor is their instinct entirely naive, even when applied to economics. The basic molecule of economic activity is, after all, individual behavior; the way people feel about the future is therefore not irrelevent to what the future will bring. People of much education like to think of the economy as a complicated mechanism, operating according to its own laws, and requiring the ministrations of experts. (Martin Feldstein, the former head of Reagan's Council of Economic Advisors and a numbers-cruncher at Harvard, is Blumenthal's voice of reason regarding the economy in Reagan's first term.) Such people tend to snicker at the idea that there is a connection between individual virtue and economic betterment. But to most people, the connection is intuitively valid, and this is precisely the sort of folk wisdom that Reagan appeals to so well. One of Reagan's more luminous moments was when he said he didn't put much stock in economic forecasts, reservations he unfortunately forgot when selling his supply side tax cuts.

Once again, it is from Reagan's own standpoint that the most devastating attack on his programs might be made. There appeared on Washington television a year or so ago a Fort Worth evangelist who told his flock—prime Sunbelt realignment types, it appeared—that tax shelters were evil because they put mere accumulation above the Christian service inherent in productive enterprise. This is a kind of economics that feeds the heart, one's sense of what is right; and it is the kind of discourse that Democrats, embracing macroeconomics and technocratic remedies, have conceded to the other side.

Blumenthal notes often the contradiction between the free market myth on the one hand, and the archetype of small town America on the other—the contradiction between raw acquisitiveness and community values. It is curious that right-wingers, who hold high the banner of religion, have to answer so seldom for the fact that the historic function of free market economics was to displace religious thinking and traditional morality as the standard of economic behavior. With all the commotion over secular humanism, the silence concerning its most persuasive form—secular humanist economics—is strange indeed. That people like Irving Kristol and George Gilder have labored so mightily to fill in the breach, as Blumenthal shows, suggests just how soft this spot in the armor is.

How long will it be before the new Counter Establishment sinks into the sludge of conventionality into which the Brookings Institution disappeared long ago? There are signs that the aging process is proceeding apace. One symptom of a new conventional wisdom is that its rhetorical adversaries become ritualistic or antique. Endangered Senate Republicans in the Midwest campaigned against Jane Fonda (Can you name her last significant political act?) An analyst for the Heritage Foundation, attacking the administration for being soft on the U.N. writes in *The Wall Street Journal* that the White House is "taking its cue from the foreign policy establishment" on the matter. The foreign policy establishment? By Blumenthal's reckoning, the Heritage Foundation alone had a staff of 105 and a budget of $10.5 million, while its Counter Establishment cohorts at the Hoover Institution, the Center for Strategic and Internal studies, and American Enterprise Institute, had budgets of $11 million, $8 million, and $12.6 million respectively. These are not storefront operations. The Right's kvetching about the "establishment" is beginning to sound like that of the labor boss who beefs about fat cats while stepping into his chauffeur-driven Lincoln.

Speaking of the failure of Sen. Jesse Helms on

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his pet causes, abortion and school prayer, Michael Barone observed in the *Almanac of American Politics*, "For Helms the bearing of witness against evil seems more important, or at least more feasible, than the extir pation thereof. And if the things he doesn't like suddenly disappeared, what would he attack?" The Counter Establishment is in much the same position. Walter Mondale, Blumenthal notes, "was more important to them than the liberals." A question for 1988 is whether they have to reinvent Mondale themselves, or whether the Democrats will do that job for them. ■

Neither one thought the Supreme Court ought to have the final say. The Constitution will survive both.

WHAT ED MEESE AND THOMAS JEFFERSON HAVE IN COMMON

by Lloyd Cutler

In this book, a must-read for the bicentennial year, Pulitzer Prize winner Martin Kammen sets himself a challenging task. He examines "the cultural impact of the United States Constitution." He calls this a "study in popular constitutionalism" —of the "perceptions and misperceptions, uses and abuses, knowledge and ignorance of ordinary Americans."

Kammen reaches somewhat farther than his grasp. His method is less analytical than quotational. He makes an exhaustive, sometimes exhausting, compilation of what various politicians, lawyers, judges, historians, and journalists have said and written about the Constitution. But his sources can hardly be regarded as "ordinary Americans." (He does provide an interesting analysis of how immigrants applying for citizenship answered questionnaires about the American system of government). Given Kammen's method, one can excuse the paucity of remarks by average Americans; until the electronic age, there were few available records to work from.

Kammen's book should help ease some of the concern in liberal circles that the current conservative attacks led by Attorney General Edwin Meese on the finality of the Supreme Court's interpretations of the Constitution are "unprecedented." Though Kammen himself is also worried that these attacks are politicizing the Court, his own very interesting historical account shows that incumbent administrations have been challenging the authority and rulings of the Court since the days of Thomas Jefferson. Despite those challenges, reverence for the Constitution and the Court have grown.

This becomes clear when we compare the elaborate plans for celebrating the Constitution's upcoming 200th anniversary with what Kammen tells us about how the charter's earlier milestones were marked. The 50th anniversary in 1837 went largely unnoticed. The great battles over states' rights were still being waged, and the primacy of the national government remained at issue until it was established by force on the battlefields of the Civil War. Kammen includes this perceptive comment by *The Nation*'s E.L. Godkin, who was one of the few to recognize what the Civil War and the constitutional amendments adopted during the Reconstruction era had accomplished:

> ...the Constitution may fairly be considered as having existed in what may be called a provisional or experimental stage down to 1861.... [The Radical Republicans] resolved that they would cure [the Constitution's] defects at whatever cost, and put it into an undeniably permanent shape, and did so amid difficulties compared to which those of the Convention of 1787 were a mere trifle. They took

**A Machine that Would Go Of Itself, The Constitution in American Culture,* Michael Kammen, *Alfred A. Knopf, $29.95.*

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hold resolutely of all the seriously obscure or ambiguous passages in the instrument, and of all compromises which had proved difficult or incapable of execution, and eliminated them.

Godkin's appreciation was a minority view. Kammen tells us that in the nation's capital in 1882, the "Constitution of the United States was kept folded up in a little tin box in the lower part of a closet, while the Declaration of Independence, mounted with all elegance, was exposed to the view of all in the central room of the [State Department] library." When the Constitutional Centennial Commission was organized in 1886, Rep. John Kasson noted that "the Constitution has become a sort of dead letter." A commission official complained about "the entire absence of any interest or general sentiment in favor of the proposed celebration on the part of the public at large."

The Sesquicentennial in 1937 came at a time when the Supreme Court had declared the National Recovery and the Agricultural Adjustment Acts unconstitutional. The country was bitterly divided over whether the Court had saved the country or, in FDR's phrase, returned it to the "horse and buggy age." During the anniversary celebrations, the virtues and defects of the Constitution and the Court were sharply debated. After FDR tried to add six additional justices of his own choosing to the bench, the tone of the debate became angry and shrill. The Court's integrity was saved by a stroke of fortune—the sudden death of Senate Majority Leader Joe Robinson of Arkansas. Robinson, who had accepted Roosevelt's offer of a seat on the Court in gratitude for his support of the plan, had enough prestige with his fellow southern senators to assure its passage. With his death, FDR's strategy collapsed. The crisis subsided when retirements gave FDR his chance to name several new justices. But with all this controversy, the Sesquicentennial was hardly an occasion of general reverence.

Ark of the Covenant

In the following half century, the Constitution has finally come of age. For three generations, from 1789 to the Civil War, the primacy of the national government had been mistrusted and challenged by the states. For the next two generations, the Constitution and the Court had been mistrusted and challenged by the progressive elements in both parties as the major barriers to social and economic reform. But since the Court began lowering these barriers and broadening the protections afforded to the disadvantaged by the Bill of Rights and the Civil War Amendments, every element of American society—not merely the propertied class—has come to perceive the tangible benefits it derives from the constitutional structure. Today, the Constitution is enshrined as the Ark of the American Covenant—the closest surrogate for an established religion in this disestablishmentarian nation. As the Constitutional system begins its third century, all significant political, social, and economic groups accept and invoke its basic premises.

True, there are still those with grievances against particular Supreme Court rulings, especially the post World War II decisions creating or enlarging the individual rights protected by the Bill of Rights and the 14th amendment. In a recent speech in New Orleans, Attorney General Meese argued that the Federal and State executive and legislative branches each have their own separate duties to construe and apply the Federal Constitution, and that while the Constitution itself is "the supreme law of the land," the Court's interpretations of the Constitution are not. These points are unexceptional if Meese means merely that the other branches are free to urge the court to change its mind or to seek corrective legislation or constitutional amendments. But Meese unfortunately (and perhaps unintentionally) appeared to be suggesting that the executive branch had no duty to respect or enforce federal court orders in cases to which it is not a party. He gave that impression by centering his attack on the Supreme Court's widely admired decision in *Cooper v. Aaron*, a case in which President Eisenhower had sent federal troops into Little Rock to prevent the state of Arkansas from forcibly keeping black children out of a public school in defiance of a federal court desegration order.

But, as Kammen points out, such attacks have been a recurring theme of our constitutional history. Meese has ample historical precedent for his challenge to the rulings and authority of the Court. Jefferson and the Democratic Republicans were unhappy with many of the Marshall Court's decisions, one of which, *Chisholm v. Georgia,* they swiftly reversed by a constitutional amendment. After the State of Georgia had flagrantly disregarded a later Supreme Court order protecting Indian rights, Andrew Jackson said: "John Marshall has given his decision, now let him enforce it." When Jackson vetoed a bill renewing the charter of the Second Bank of the United States on the ground that the bank was un-

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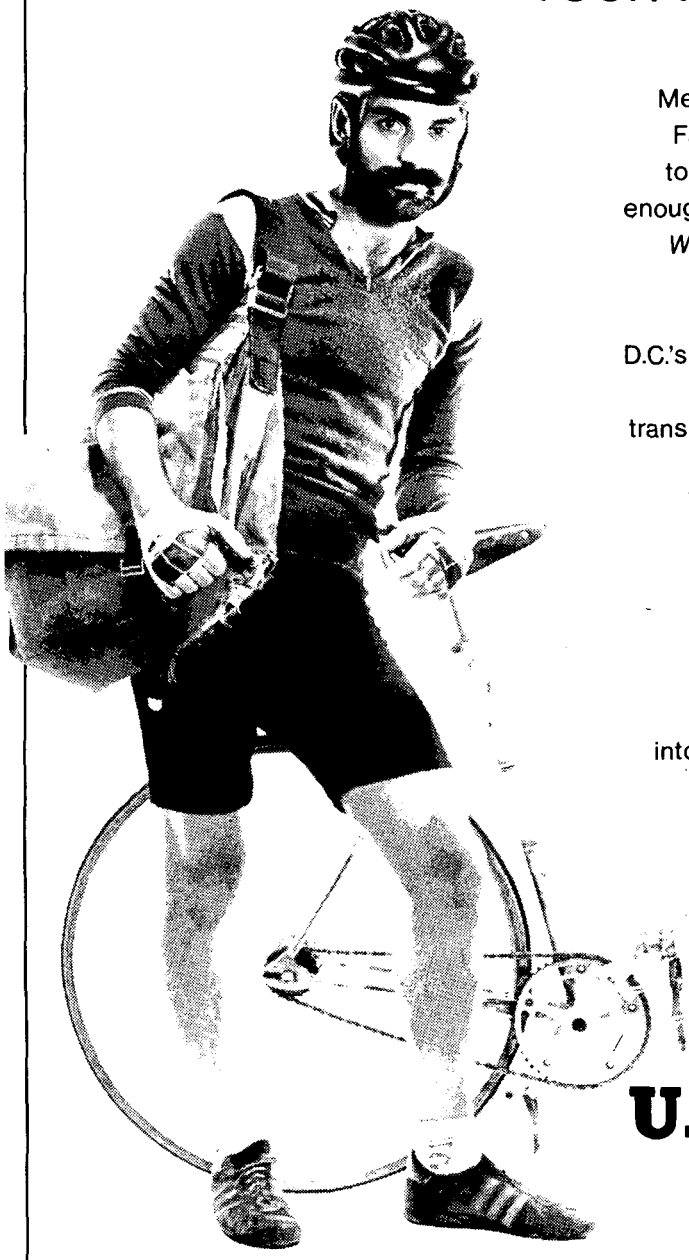

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constitutional despite an explicit Supreme Court decision to the contrary, he went much farther than Meese:

> The opinion of the Supreme Court.... ought not to control the coordinate authorities of this government. The Congress, the Executive, the Court must each for itself be guided by its own opinion of the Constitution.... The opinion of the judges has no more authority over Congress than the opinion of Congress has over the judges, and on that point, the president is independent of both.

When Abraham Lincoln and the abolitionists attacked the Taney court's *Dred Scott* ruling, Stephen Douglas denounced Lincoln's "warfare on the Supreme Court," and accused him of attempting "to destroy public confidence in the highest tribunal on earth." But Lincoln continued his attack, and made it the foundation of his successful 1860 campaign for the Presidency.

At the turn of the century, the progressives in both parties challenged the Court's invalidation of the federal income tax and state labor laws. FDR and the New Dealers, as already noted, were so aggrieved by the justices and their rulings that they tried to pack the court. In most of these instances, as in the case of Attorney General Meese's current campaigns, the justices have been criticized not only for a particular result but also for an "activist" subordination of the framers' "true" intent to their own political agendas.

Divided we stand

Kammen is greatly concerned that the Court as an institution has become "perilously politicized" by the current conservative attacks upon it. I believe Kammen is unduly alarmed. Throughout our constitutional history, as Kammen himself recounts, presidents and others offended by the Court's rulings have tried to limit its jurisdiction and reverse particular decisions. But with very few exceptions, these proposals have failed. The reason, no doubt, is that public opinion values the legitimating function of the Court. Charles Black has captured this role in four crisp sentences:

> [The] prime and most necessary function of the Court has been that of *validation*, not that of invalidation. What a government of limited power needs, at the beginning and forever, is some means of satisfying the people that it has taken all steps humanly possible to stay within its powers. That is the condition of its legitimacy, and its legitimacy, in the long run, is the condition of its life. And the court, through its history, has acted as the legitimator of the government."

The most telling evidence of how well the Supreme Court has maintained the legitimacy of the government is the Constitution's imperviousness to change. Since the Bill of Rights was ratified in 1791, only 14 lasting constitutional amendments have been adopted (the other two, Prohibition and its repeal, cancelled one another out). This durability would probably have surprised Thomas Jefferson, who thought that each succeeding generation would rewrite the Constitution.

The great danger today is not that the Right will succeed in limiting the jurisdiction of the Court or in reversing its human rights decisions by constitutional amendment. The danger is that the reverence so justly earned by our constitutional arrangements will prevent us from analyzing some of the emerging structural weaknesses that make it so difficult to govern ourselves in the very different world in which those arrangements must now function.

The most serious of these emerging structural weaknesses is the sharp rise of divided government—the phenomenon of one major party commanding the White House and the other major party holding a majority of one or both houses of Congress. Until recently, divided government was rare, occurring less than 25 percent of the time from 1791 to 1946. But since World War II, it's been the rule. From 1957 to 1988 we will have had divided government more than 60 percent of the time, and from 1969 to 1988 we will have had divided government 80 percent of the time.

Divided government results in inconsistency, incoherence and even stagnation in national policy. Most decisions to adopt or reject a particular policy are now made by shifting legislative majorities built out of cross-party coalitions that change from one issue to another. This in turn causes a loss of accountability, because each of our elected officials justly blames the others for the resulting hodge-podge of policy that all of them denounce. That may have been the ideal Madison expounded in the Federalist Papers, but it was not the practice followed by him or his contemporaries who had to make the Constitution work.

Parties were formed during the Constitution's initial decade. Adams, Jefferson, and Madison

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were *de facto* leaders of their parties, and party government prevailed for the first 150 years. Indeed, Dwight Eisenhower was the first president in our history to be elected without carrying a majority for his party in both houses of Congress.

Divided government reflects the decline in party loyalty and the growing practice of ticket-splitting. In 1900 only 4 percent of all congressional districts were carried by one party's presidential candidate and by the other party's candidate for Member of the House. By 1984, that figure had risen to 44 percent.

Political reforms and technological change are largely responsible for this decline, but the structure of the Constitution is partially to blame. While that structure has not resulted in a high degree of divided government until recently, the constitutional separation and sharing of executive and legislative power and the staggering of presidential, Senate, and House elections tend to amplify the adverse effects of political reform and technological change on party loyalty among voters and party cohesiveness among elected officials. The result is an inability to draw the separate parts of the government into coherent action.

There are several changes in our constitutional structure that could correct this tendency. One would be a four-year term for members of the House, running simultaneously with the presidential term. If this were combined with a two-class Senate serving staggered terms of eight years, we would then have one election every four years for president, vice president, all members of the House and one senator from each state. They would lengthen and coordinate the political time-horizons of all incumbents, reduce the cost of campaign financing and the resulting divisive influence of well-heeled interest groups, and, by creating a four-year rather than a two-year Congress, make the legislative process more orderly and deliberate. It would also enhance party consciousness among voters and legislators and party accountability in the next election. Similar benefits could be derived from an amendment reversing *Buckley v. Valeo* and authorizing Congress to set reasonable limits on campaign expenditures, which might include the channeling of all receipts and expenditures through the political parties and thereby strengthen party accountability and cohesion.

As we celebrate the bicentenary of our magnificent charter, we should not allow our reverence of the Constitution to prevent us from examining the shortcomings in the capacity of our 200-year-old structure to cope with a global economy and prevent a nuclear war. The same document that established the Bill of Rights also countenanced the continued practice of slavery. Rigorous analysis, rather than unquestioning worship, is what the framers themselves would probably have preferred. They changed their own form of government twice in their own lifetimes, and at great personal risk to themselves. Let us hope that in our time we will exercise the deliberate power of adaptation they gave us as wisely and courageously. ■

Liberals have fallen out of love with the revolutionaries

THE MORNING AFTER

by Jeff Stein

Radicals of the sixties used to chuckle over the irony of the most persistent criticism of the Vietnam war being squeezed between ads for Mercedes cars and Boehm chinaware in the pages of the chic *New Yorker*. There, long before *The New York Times* or *The Washington Post* turned their editorial backs on Lyndon Johnson, the regular dispatches of Robert Shaplen from Indochina hinted at his deep skepticism about American policy in Vietnam.

Jeff Stein is a Washington publisher and editor.

Shaplen's Indochina was laced with joss sticks and bougainvillaea and peopled with a cast of stone-faced Buddhist monks, bitter CIA agents, upbeat American colonels, shadowy Viet-Cong, and greedy Saigon politicians. Month after month, like dependable characters in some Asian soap opera, they, and we, sank deeper and deeper into a plot of inescapable doom. It was Vietnam as "Dallas," a war fought, watched, and written about in a state of suspended disbelief.

I discovered Shaplen's Vietnam on the shelves of the base library in Ft. Bliss, Texas, where,

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There is a revisionist theory emerging here, in which America is no longer the primary source of trouble in Indochina.

before going to Southeast Asia as an Army Intelligence agent handler, I had been sent to study Vietnamese in 1967. Shaplen's *The Lost Revolution* (1965) is a gloomy account of U.S. prospects that suggested America had frittered away a natural reservoir of good will among South Vietnamese and blundered destructively into an unwinnable war. On the day North Vietnamese tanks paraded into Saigon, Shaplen writes 20 years later in *Bitter Victory*,* he felt "remorse and shame" because the U.S. had so badly botched the war and destroyed Vietnam to boot. Afterwards, "like so many other Americans," he writes, "I wanted to forget—or try to forget—what had happened in Vietnam." And like so many of us, he couldn't.

Nor could Elizabeth Becker, who covered the war in Cambodia as a correspondent for several news organizations, including *The Washington Post*. Like Shaplen's *Bitter Victory*, Becker's book* is a return to the scene of the crime where a highly talented and serious reporter attempts to understand what went wrong.

In Cambodia, teenage revolutionaries persuaded apprehensive city-dwellers to leave Phnom Penh by saying that the U.S. Air Force was coming back to bomb them. Then, behind closed borders, they virtually abolished the 20th century, putting the entire nation to work by hand on massive agricultural projects, and systematically murdering those suspected of having worked with foreigners. Being perceived as being hostile to "the organization," or having been born to parents who were not peasants, was cause for death.

For this fate, Becker argues, the Cambodians have no one to blame but themselves. "Ultimately, the Cambodians were victims of their own leaders, traditions and history," she writes. "The Khmer Rouge revolution was conceived and administered entirely by Cambodians. The war that preceded the revolution was also the handiwork of Cambodian politics. . . ." Similarly, about post-war Vietnam, Robert Shaplen concludes that "it is more the fault of the Vietnamese than anyone else that their victory has not been savored and that they are still struggling to achieve peace, let alone prosperity."

Such judgments amount to a distinct reversal in the portrayal of Southeast Asian revolutionaries by the American Left. Along with *Portrait of the Enemy*,* a compelling volume mostly of interviews with former Viet-Cong fighters and political officials, these books provide damaging new information on the Indochinese communists—information that, in the case of Becker and Shaplen, comes from authors with impeccable liberal credentials. There seems to be a clear revisionist theory emerging here, in which America is no longer the primary source of trouble in Indochina.

A pool of gasoline

Few have been harmed so thoroughly by the Indochina wars as the unlucky Cambodians. The mass executions carried out by the victorious Khmer Rouge in the "killing fields" of Cambodia struck most people as an anomaly; Cambodia's had seemed such a peaceful and, more importantly, homogenous culture. Few experts believed the early reports of a bloodbath. Elizabeth Becker demonstrates, however, that Cambodia was highly susceptible to a home-grown strain of fascism that led to the mass de-urbanization and genocide of 1975-78. As early as 1970, beneath its placid Buddhist veneer, Cambodian society was boiling with class and cultural resentment: city vs. country, peasant vs. landlord, taxi driver vs. bartender, bureaucrat vs. petitioner, light skin vs. dark. In the first draft of a constitution that took a page out of *Mein Kampf*, the U.S.-supported dictator, Lon Nol, paid homage to his own Cambodian Aryans: the so-called "Khmer-Mon," who were allegedly descended from a mythical "Angkorian era" of Asian political hegemony. Becker leads the reader to wonder if the Khmer Rouge hadn't come along, maybe the Lon Nol regime, which overthrew Prince Norodom Sihanouk, would have taken a crack at mass murder.

This, along with Becker's recounting of Phnom Penh's collapse and the heart-rending confessions

**When the War Was Over: The Voices of Cambodia's Revolution and Its People.* Elizabeth Becker. *Simon & Schuster, $19.95. *Bitter Victory.* Robert Shaplen. *Harper & Row, $16.95. *Portrait of the Enemy.* David Chanoff, Doan Van Taoi. *Random House, $17.95.*

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of bewildered Cambodian peasants as they faced beheadings at the hands of "the organization," provides gruesome reading about a subject which has too long been overshadowed by the liberal obsession with the secret U.S. bombing of Cambodia, the importance of which in the rise of the Khmer Rouge Becker can't seem finally to determine.

Where Becker falls short is in her ambitious attempt to analyze Khmer Rouge ideology in an intellectual framework. Were Pol Pot and his cronies the Marxist-Leninists they proclaimed themselves to be, or did they just cynically employ communist buzzwords to dazzle their recruits while exploiting the darker impulses of Cambodian society? Were they secret fascists born of a particular mutation of Cambodian society, as she sometimes suggests, or did they merely arise in the tradition of Asian millenarian cults? Becker says that because Stalin and Mao Tse-tung murdered people in the name of the party, "the communist tradition suited" the systematic murders of the Khmer Rouge, which is a less than satisfying explanation. Not all communist dictators launch holocausts.

Becker does succeed in demonstrating that Cambodia was a pool of gasoline waiting for the torch; with our bombing, we ignited all the cultural, social, and ideological ingredients later at work in the Cambodian killing fields. But the question of whether the violence was intrinsically Cambodian or communist remains important, and unanswered.

"We stabbed her in the chest"

As a serious journalist, Robert Shaplen brings extraordinary gifts to bear on the question of why, after having fought for 40 years, the Vietnamese can't seem to capitalize on their victory over the U.S. With the self-assurance that is the due of an observer who first arrived in Saigon in 1946, he succeeds brilliantly in answering it. Returning for a five-week visit in 1984, he discovered a Vietnam just emerging from a deep ideological struggle. In the first years following the end of the war, hardliners in Hanoi had ruined the southern economy with collectivization and had led the army into a quagmire in Cambodia. "Coupled with Chinese hostility and bad luck, including bad weather," such miscalculations had driven a million desperate Vietnamese into boats. Left to their own devices, the communists had wrought upon themselves what no amount of American money, troops, airpower, artillery, or diplomacy could: mass domestic discord and international isolation.

This was Marxism-Leninism at work, "the apex of human thought," as chief North Vietnamese theoretician Truong Chinh had put it. But Shaplen discovers that the "most significant postwar development in Vietnam is the economic turnaround that began in 1979-80." The Vietnamese, proving resilient once more, simply rethought their Marxist economic ways. In interviews with top Hanoi officials, Saigon bureaucrats, and peasant farmers, Shaplen elicits "Vietnam's bold-if-belated acceptance of its failures to date and of the need to overhaul the foundations of its economy." Not surprisingly, the overhaul meant introducing profit incentives to rice growers, allowing capitalists to exist alongside the "socialist" economy, devaluing the currency along realistic rates, and establishing a system of "pay according to work." Just in case the ideologues hadn't gotten the message, Le Duan, a top Vietnamese official, declared in a major speech that a worker's main motive should be "personal interest." Economic egalitarianism, he sniffed, "was an erroneous tendency alien to Marxism."

After one million combat fatalities against the

How America became involved in Vietnam

INTERVENTION

by GEORGE McT. KAHIN

"No finer piece of scholarship has come out of those years," says BILL MOYERS

"The Lyndon Johnson that emerges is the Lyndon Johnson I recall: the reluctant warrior, slowly unsheathing the sword he knew intuitively would destroy him."

"A remarkable record of folly."
—BRUCE CUMINGS, N.Y. Times Book Review

"An illuminating work about a darkening series of decisions." —WALTER GOODMAN, New York Times

Published by Knopf

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Americans, the Vietnamese also had scores to settle. One estimate indicated that communist officials executed 65,000 people for "political crimes" between 1975-1983, and the regime undoubtedly still maintains a vast prison system for recalcitrants. The official unemployment rate is 20 percent, but unlike in a comparably weak economy in the West such as, say, Jamaica's, people are afraid to complain about it. Shaplen evocatively transmits the general sense of fear and uncertainty.

It is a relief, though, that Shaplen declines to jam Vietnam's lack of civil liberties down our throats; he expects his readers to understand that Ho Chi Minh City is not Washington, D.C. Instead, he takes us inside the revolution and lets the Vietnamese explain it themselves. Over cocktails and dinner on the roof of the old Majestic Hotel in Saigon ("Ho-ville" to foreign visitors), Nguyen Ngoc Dung, a middle-aged former diplomat assigned to implement Hanoi's political program in the south, tells Shaplen that she tries to inculcate "socialism" through everyday tasks, such as getting all the neighborhood organizations in the city "to eliminate their own slums, to build new houses where they could, to put in new drainage pipes."

"We learned from experience," Dung went on, "when the [hardliner's] reforms failed several years ago, that we can't be too rigid or dogmatic. By getting people to work together in the right way, we can help them overcome their hostilities. We're still finding things out about economic efficiency—what works and what doesn't—through trial and error. All this is not made easier by our many shortages and scarcities, but it's all part of the transition to socialism."

Disenchantment with socialism is also the focus of *Portrait of the Enemy*. Somehow, David Chanoff and Doan Van Toai (who after the war briefly served in the communist government before being jailed and later escaping) have managed to track down former Viet-Cong and assemble a riveting collection of oral histories. One that stands out is the account of a VC assassin sent to execute a woman who had been arrested by the government and then had betrayed her comrades to interrogators. Knife in hand, he and another assassin slipped into her house one night disguised as government soldiers.

> She was sleeping and obviously pregnant, near term. But I couldn't afford any indecisiveness. I had orders to kill her. So we woke her up....
>
> Once we got her out into the open I told her, "You have harmed the Liberation Movement a lot. The people have sentenced you to death and I have been given the job of executing you. Before, you were my friend. But now you are my enemy. If I spare you, I will be killed myself." She didn't say a word. Then I asked her if she knew she deserved her death. She replied in quite a normal voice, "Yes, I realize I will die. Go ahead with your mission." No begging for mercy. We took her over to the road and stabbed her in the chest. She slumped down without a moan. She knew that it was a consequence of what she had done against the Front.
>
> That was in April, 1970. I regret that I killed her while she was pregnant. I should have waited for her delivery.

By the accounts in *Portrait of the Enemy*, relatives in North Vietnam rarely, if ever, got a single letter from their loved ones at the front. Not even death notices were sent. Both VC and NVA troops alike were literally expected to anonymously "water the south with their blood." And for decades they did. It was always puzzling to me why so many VC began defecting in 1968-69, when from our perspective they seemed so close to winning; the account of one VC guerrilla lends evidence to the revisionist view that the U.S. might have forced a stalemate in the war with even heavier bombing. "One of the things that demoralized a lot of guerrillas were the B-52 attacks. The fear these attacks caused was terrible. People pissed and shat in their pants. You would see them come out of their bunkers shaking so badly it looked as if they had gone crazy."

But, of course, they hadn't. They hung on to win. But then the party that had forged Vietnamese peasants into the world's most disciplined army, that during wartime had orchestrated international public opinion like a symphony, suddenly lacked the sophistication to manage a nation at peace. With the onset of hostilities from Peking, the party further alienated the most skilled merchants and managers among its own Chinese population and plunged the country into mass paranoia—and more war. The irony is that Vietnam, according to Shaplen's account, seems to have veered from complete economic disaster only by taking steps toward greater individual liberties and small-scale capitalism, very much like the Chinese, whom they despise for their ideological deviation and cooperation with the West. The Vietnamese might well take the latter step themselves. ■

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A MOVEMENT IS AFOOT TO MAKE REYKJAVIK A DELI-FREE ZONE

After hearing reports that Reykjavik didn't have enough restaurants to handle the sudden influx of eaters, Assistant Secretary of Defense Richard Perle brought two Hebrew National salamis with him to the recent quasi-summit. When they fell from his hotel window sill, where he was keeping them fresh, Icelandic security police, believing they were under attack, stomped on them and destroyed them.

HE EVEN PAID FOR THE COST OF THE BAGEL

Responding to reports that Secretary of State George Shultz flew to Boston for a World Series game on a military jet at a cost to the taxpayers of $11,000, a state department spokesman assured reporters that Shultz would reimburse the government for the amount he would have had to pay to fly commercially. A round-trip ticket between Washington and Boston costs about $150.

◆

AND ASIANS WHO STAY IN ENGLAND TOO LONG WILL START TO FIND HORSES MORE INTERESTING THAN WORK

Speaking to a group of British exchange students during a recent trip to China, Prince Philip said he found Peking "ghastly" and that foreigners who remained in China too long would get "slitty eyes."

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POLITICAL BOOKNOTES

The Real Coke, The Real Story, Thomas Oliver, *Random House, $16.95*. Weird book. Though it's short and sketchy (only the huge spaces between the lines allow it to stretch to 192 pages), it still feels padded. Press conference Q's and A's are printed verbatim, and at least two chapters have nothing at all to do with what the book is ostensibly about: Coca-Cola's momentous and ill-fated decision to change its formula. Oliver is an *Atlanta Constitution* reporter who has covered Coke for years—Coke's corporate headquarters is in Atlanta. He makes the usual claim to exhaustive interviews with all the principals, but you get the strong sense that this book is largely a rehash of his reporting for the paper.

Having said all that, his central thesis is compelling. To wit: the product matters, even when it is as inconsequential as carbonated soda. Some of the most talented people on Madison Avenue have spent the better part of their lives creating an image for Coke that makes drinking it seem practically a patriotic act. Coke's "image ads" were great, and yet they couldn't stop the relentless encroachment of Pepsi.

Why? Because Pepsi's product tastes better. Oliver makes a good case that Coke's mistake was not so much changing the formula; Coke's own market research verified the stark reality of the Pepsi challenge, which is that people preferred Pepsi. Rather, Coke erred in refusing to admit from the start that its product was losing favor with its customers. Coke's haughty slogan was: "The best has just gotten better." Corporate hubris made the company look both foolish and high-handed, and created a backlash that might have been avoided. Now Coke has retreated, and Pepsi continues to steal market share.

To those of us who insisted on drinking Pepsi even as our mothers told us there was no difference between the two, there is sweet vindication here. Not that I'm biased or anything.

—*Joseph Nocera*

Pentagon. Allen Drury. *Doubleday, $18.95*. Drury's new novel is a big, sprawling work, somewhat like the building it describes. But with its multiple stories only loosely connected by The Building, it never quite achieves coherence or focus. In fact, *Pentagon* is less a novel than a polemic disguised as fiction for people who don't read nonfiction like the recent crop of defense reform books.

In Drury's story, the Soviets clandestinely take over a small South Pacific island and kill its inhabitants with a neutron bomb. The Navy airman who discovers this is shot down by a lurking Soviet sub, though not before he notifies the U.S. Pacific fleet. The rest of the tale is devoted to the months of bumbling, subversion, and bureaucratic infighting that follow as the Department of Defense, the joint chiefs, the president, Congress, and the press debate what to do.

Drury draws all the right conclusions about what's wrong with the DOD. There is very little forward thinking or strategic planning. The Soviets think aggressively, the chairman of the joint chiefs of staff remarks, while we think defensively. Military personnel and high level DOD civil servants serve, on average, only two or three years; by the time they've learned their jobs, it's time to move on. Interservice rivalries, conflicting civilian and military purposes, and ugly little human jealousies make a mockery of sincere efforts to get things done. The explanation for all this offered by one character, Helen Clark, the beautiful and smart assistant secretary of defense for aquisition and logistics, is on target: too much

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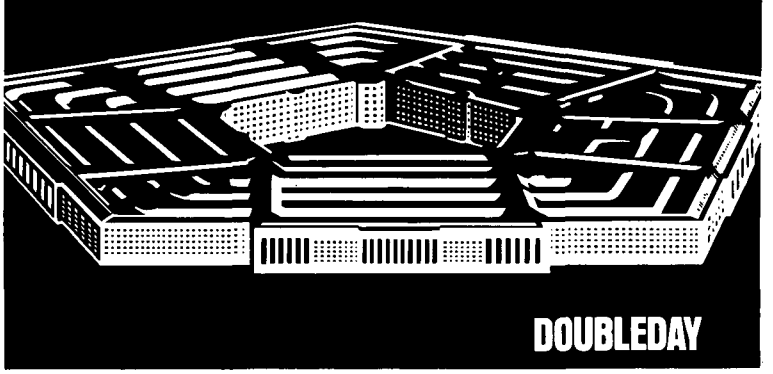

DOUBLEDAY

money and too many constituents to satisfy in the Pentagon, in the White House, and in industry.

—Diane D. Henderson

Fidel Castro: A Critical Portrait, Tad Szulc, *Morrow, $19.95* Ever since 1959, when a young and bearded Fidel Castro marched on Havana—and, symbolically, much of the world—one of the quintessential liberal vs. conservative arguments of our time has been over this question: Did the United States "push" Castro towards communism? Or was he always a Marxist? In this biography, Tad Szulc, the talented former Latin American correspondent for *The New York Times*, has provided a clincher that is going to be hard to challenge.

Szulc lived in Cuba during 1959; when he returned in 1985, he received an unusual amount of cooperation from Fidel's folks because they assumed he was doing an authorized biography. Old communists like Fabrizio Grobart, Alfredo Guevara, and Carlos Rafael Rodriguez, talked for the first time—freely—about what really happened that crucial first year.

They told him that even before Castro marched on Havana, the revolutionaries were operating on two levels. The "respectable" Democrats of the Old Order were put forward by Fidel as the ostensible leaders of the country, while Fidel, Raul Castro, and Ernesto "Che" Guevara were holding all-night meetings in secret beach houses with the communists, planning a step-by-step restructuring of Cuba into a communist state.

There's another scoop in Szulc's revelation that the CIA sent aid to Castro in 1957 and 1958. There have long been murmurs about this aid—apparently money and armaments—but no proof. Szulc names names, citing the American consul general in Cuba as the CIA agent who made the contact. He wisely does not make too much of this. It is presented as what it most probably was: the CIA covering its bases by backing, minimally, the bearded incognito in the mountains at the same time the U.S. military was beginning just barely to phase out

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its aid to the increasingly hated dictator Fulgencio Batista.

There are weaknesses in this otherwise immensely valuable book. The sourcing is horrible; the reader almost never knows what should be attributed to whom. With such controversial material, one needs the greatest possible documentation. There are odd errors. One of the classic stories about Castro describes the night he was on television when his son was nearly killed in an auto accident. Fidel heard the news but, in his customary megalomania, refused to get off television and go to the hospital. Szulc inexplicably claims that "it took hours for Castro to be located and brought to the hospital" when most of Cuba knew precisely where he was. There is almost nothing about Castro's tumultuous and brief marriage, or on his personality. Yes, Castro deliberately turned to communism—Szulc makes that clear—but, why? There is little on the motivation and psychology of the Third World man who created power out of powerlessness.

At a recent session at the Wilson Center at the Smithsonian, Szulc mused about his book and about the fascinating, remarkable, and in many ways repellent historic figure he had sought out.

"I have difficulty understanding how a man of such intelligence and of such a sense of history and culture has allowed himself to become ossified politically," Szulc said. "I think he suffers from the total isolation of the outside world. He is lost in his court like an aging king. As a thinker and governor, he has lost acuity of thinking. Why is it that he becomes so incensed when his own people come to him with new ideas?... He is a man who wishes new technology but rejects new thought. In Cuba today, I see decay: decay of ideas and of revolutionary process, a stagnation, not because of the last two years, but because the revolution and the nation have been so totally mismanaged."

These words constitute the worst possible indictment of Castro and his revolution. But then, Castro has never been open to ideas, except

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those that ensured and preserved his power. He has killed or removed anyone who dared to offer resistance. History shows us, once again, that men who simply seek total power, and who then find an ideology to justify it, are not very mysterious.

—*Georgie Anne Geyer*

Why the ERA Failed: Politics, Women's Rights, and the Amending Process of the Constitution. Mary Frances Berry. *Indiana University Press, $17.95.* In the spring of 1981, when the Equal Rights Amendment had a little over a year of life left, I attended a meeting at which a psychologist reported on interviews she had conducted in several states where the amendment had not been ratified. What we heard was disturbing. None of those interviewed identified with those they called "women's libbers" who were "trying to shove the ERA down their throats." They agreed with feminists on issues like equal pay for equal work but felt the ERA proponents denigrated their regard for family life and their work as homemakers.

The feminist reaction ranged from bewilderment to pounding-the-table anger. Why were these women saying such nasty things about nice feminists who were trying to save them? No one admitted there was truth in what they said. We *didn't* respect their reservations about the ERA and didn't want to address their fears about losing traditional roles. No one suspected that we were going to lose the ERA in part because of our inability to understand and appreciate these feelings.

Four years after the last ERA deadline was missed, Mary Frances Berry, a feminist, professor of history and law, and member of the U.S. Civil Rights Commission, examines these and other factors that led to the defeat of the ERA. She believes that constitutional amendments have been successful only when they were introduced during periods of progressive reform, when years of groundwork preceded their referral to the states for ratification, and when a broad consensus on a state-by-state and even region-by-region basis existed for passage. The ERA, which was referred to the states just before a conservative era, met none of these requirements. Proponents had made no real plans for ratification in the states, and they underestimated the work needed to create a national consensus.

Berry makes a good case for her theory, though her view of the ERA campaign is a narrow one. She compacts 200 years of constitutional history into a terse 120 pages, with few anecdotes and little of the passion of the campaign. She doesn't make a case for or against the ERA and she doesn't discuss the conflict it stirred within the movement.

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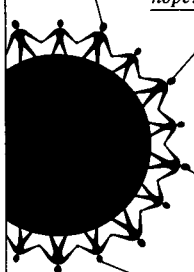

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Watch, too, for *Securing Our Planet* from the same editors

The United States of America vs. Sex. Philip Nobile, Eric Nadler. *Minotaur Press, $3.95.* In Denmark, they say a little perversion is part of human nature, but with enough vicarious release the average pervert remains safely within the bounds of social decency. A great many students of social decency concur. Ed Meese and company beg to differ.

Child molesting, prostitution, and sexual assault are legal concerns, but whether a couple's right to watch smut on its own VCR is a danger to society is an emotional issue that has found its way into the political arena. The foes of pornography come from all corners. These people—fundamentalists, feminists, housewives, and doctors—have long been clamoring for a uniting force. In 1985 the attorney general's Commission took up their fight.

The United States of America vs. Sex, serves up, blow by blow, the popular farce known as the Meese Commission. Nobile and Nadler

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followed the commission's hearings around the country, financed by *Penthouse*. Their intent was to make a mockery of the proceedings. They do. But in the process they expose a deeper, more important point: that even conservatives are not agreed about how pornography should be limited.

Pornography exists, and a lot of people don't like it for good reason. Yet it's difficult to define; it runs the gamut from Venuses reclining on bearskins to images so sick it's hard to imagine anyone could look at, let alone produce, them. Freud would have had a field day explaining why the same picture can elicit five responses—ranging from pleasure to pain—from as many people.

The commission was grappling with a tough issue, because First Amendment rights are basic to any discussion of regulating pornography. But, as this book shows, some of its members tried very hard to remain objective. Intriguingly, three out of the four female members of the commission fought particularly hard to give pornography a fair trial. If one can ignore the good guy-bad guy tone of the book, one stands to learn quite a bit about the issues—on both sides.

—*Linda Catling*

Bureaucratic Responsibility. John P. Burke. *Johns Hopkins University Press, $23.50*. Democracy calls for responsiveness to the public will through elected officials. Bureaucratic organization, designed for order and stability, contains, by its nature, an element of self-aggrandizement, an appetite for independent power, and a stubborn resistance to external—that is, political—control. These two concepts are in frequent conflict so the problem is how to make bureaucracy the servant of democracy. Burke, who teaches political science at the University of Vermont, is not the first person to noodle this one around.

One school of thought, which included Woodrow Wilson among others, holds that bureaucracy functions best on a tight leash—when it rigidly follows the procedures laid down from on high, including strict adherence to the chain of command. There is no room for individual bureaucrats to make their own interpretation of how to carry out the intent of the lawmakers, and any independent actions they take are usurpations of authority.

A school newer to the scene, though its roots go back to Jefferson, stands for a more informal and decentralized approach where the bureaucracy interacts with activist citizen groups; this view of "participatory" democracy extends to the bureaucrat or administrator a degree of political latitude in accommodating the interests of competing groups.

Burke winds his way between the two schools. "A firm allegiance to democratic politics," he writes, "is a necessary part of a properly defined understanding of bureaucratic responsibility, but so, too, is recognition of the active contributions to the policy process an individual official can make. In the absence of such recognition, public policy suffers. . . ." Burke suggests that the bureaucrat has a responsibility not only to his own chain of command but to the larger political enterprise; he has a responsibility to react to the failure of those higher in the bureaucracy, and even to the failure of political leaders, as, for example, when legislation is too vague or sets conflicting objectives for the bureaucracy to perform.

Having tackled the question of a bureaucrat's responsibility to his superiors versus his obligations to the public, Burke cannot avoid the troublesome matters of leaks and lies. After wrestling with the question of whether a bureaucrat is justified when, in defiance of superiors, he leaks to the press stories that may embarrass his agency, Burke concludes that he is justified if by so doing he enhances the democratic process. How's that, again? What leaker of information does not maintain—indeed believe—that his object is to get the facts to the public, thereby enhancing the democratic process?

As an example of justifiable lying, Burke cites President Eisenhower's denial to the Russians that the famous U-2 was a spy plane and

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contends that the lie had "minimal effects on the democratic process." Perhaps. But, in any case, Eisenhower was not a bureaucrat but an elected official subject to the judgment of the electorate. It would be hard to find any circumstance in which tolerance of lying by the bureaucracy has done anything but erode the fabric of democracy.

—*Leonard Reed*

Sometimes a Shining Moment: The Foxfire Experience. Eliot Wigginton. *Anchor Press/Doubleday, $19.95*. I kept telling myself that Wigginton must be on the side of the angels: he dislikes standardized tests and textbooks and the whole malarkey of master teachers. So how come I can't like him more?

Roughly a third of *Sometimes a Shining Moment* focuses on how Wigginton started *Foxfire*, an alternative school, and how the widely-read books on local crafts and lore were "put together by high school students, the majority of whom had hated English." As an English teacher myself, I applaud the accomplishment. But Wigginton is long on self-congratulation and short on both practical and inspirational insights for teachers who are not, like him, freed from the rules and rituals of public school teaching.

Wigginton calls himself a public school teacher but the astounding financial success of the *Foxfire* books enabled him to set up a corporation which now hires him to teach the Foxfire course. In no way do I begrudge him his comfortable position: he earned it, starting out with just a tape recorder, a dream, and faith in kids. But I do begrudge him his arrogance, his barely tempered sneering that if other teachers cared about doing the job right, they'd do it his way.

Wigginton pats himself on the back for returning student themes, rigorously corrected, the next day. Most public school English teachers have a student load upwards of 125 students. Wigginton has 24. He points with pride to the beautiful Appalachian artifacts that decorate his classroom, artifacts he uses to motivate students. Most high school teachers share space with other teachers, often teaching in two or three different rooms during the day. Their classroom supplies and motivating devices are pretty much limited to what they can carry on their backs.

Wigginton, prone to absolutes, announces that his classroom rules are so natural and so obviously right that he never has to enforce them. I believe him. When your rule is that you won't "allow students to throw $250 cameras out the classroom window at passing delivery trucks," then chances are pretty good that you won't have too much trouble enforcing it.

Wigginton's solution for problem students chills me to the bone. He pronounces, "Students who obviously do not belong in [the school] setting because they are determined to be antisocial and destructive, and are beyond self-discipline and the capacity to reason, must be swiftly and surgically removed to another type of educational environment, not coddled or fretted over. Removed. Period. None of us can afford to have our attention and our energy completely dominated by some...jerk with the I.Q. of a cantaloupe."

The get-tough principles Education Secretary William Bennett so admires sound like creampuffs in comparison with Wigginton. But if the human cost of producing a fine product like *Foxfire* comes at the cost of eliminating the "cantaloupes," then I say the cost is too great. We teachers may fall far short of our goals much of the time, but we must never give up on the attempt to educate in and for a democracy. After all, if we don't fret over the antisocial, destructive, undisciplined kids, then who will? Certainly there have been tired moments when I'd agree with Wigginton—get rid of this troublemaker and let me do my job in peace. But then I'd remind myself that I might be this 14-year-old's last chance. I was his English teacher, and along with spelling and reading, I had to teach him how to survive. It's too damn easy for teachers and principals to wash their hands of the cantaloupes, to get them officially declared incorrigible or loony or learning disabled.

The same Wigginton who dared to be creative and innovative, the teacher who 20 years ago scorned petty rules, now has a system for correcting student themes. He meticulously labels each error, subtracting 15 points for every sentence fragment or comma splice, three points for each misused apostrophe, and so on. He proudly attests that this careful system successfully eliminates "alot" from student writing.

It's good to be rigorous about grammar and punctuation, but using Wigginton's system in English class limits one's self—and one's students—to trivialities. Tell a student you're going to penalize him 15 points, or whatever, for every misspelled word, and pretty soon he'll only use simple words he's sure of spelling correctly.

Wigginton gives us too many empty platitudes, too many dusty lesson plans and checklists. I remain convinced that he has done great things with his students, has encouraged them to stretch and grow. Unfortunately, my conviction rests on past faith rather than on any new revelation in this book.

—*Susan Ohanian*

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ISBN: 0-89568-500-0
256 pages in color

Bookjacket and hardback embossed cover (8½ x 11)

PRICE: $39.00 (books shipped within 24 hours)

TO ORDER: Foreign Intelligence Press
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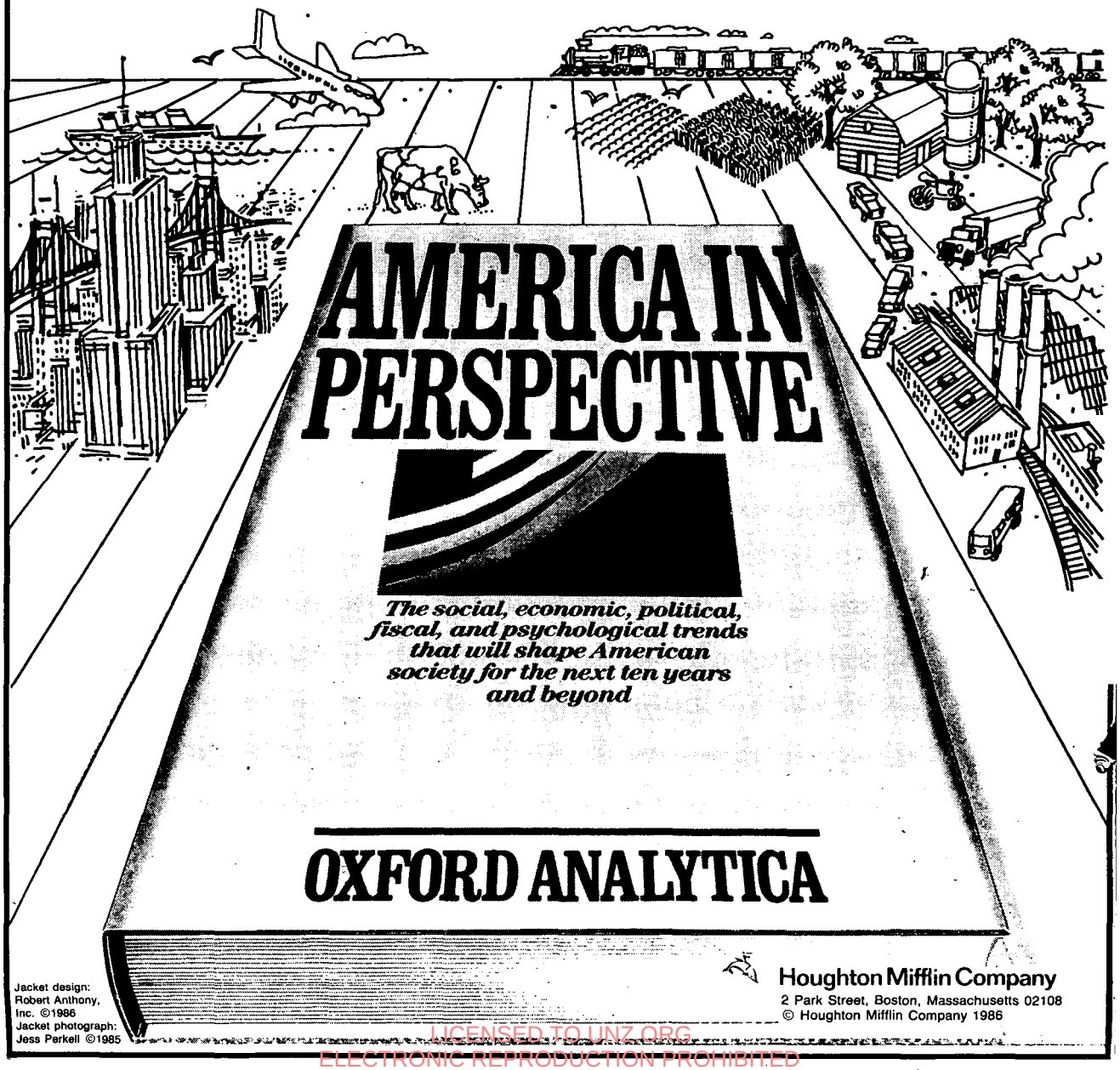

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